

## Wrap Fee Program Brochure

### FORM ADV PART 2A

of

**Vontobel Swiss Financial Advisers AG**

Gotthardstrasse 43

8022 Zurich

Switzerland

T +41 58 283 81 11 (Switzerland)

T +1-855-853 4288 (USA, toll free)

info@vontobelsfa.com

vontobelsfa.com

March 29, 2023

This Form ADV wrap fee program disclosure brochure (**Disclosure Brochure**) provides information about the qualifications and business practices of Vontobel Swiss Financial Advisers AG (**Vontobel SFA**) and our wrap fee investment advisory programs that you should consider before becoming a client of any of these programs. If you have any questions about the contents of this Disclosure Brochure, please contact us from the United States (**US**) through our toll-free number at +1 855 853 4288, from Switzerland at +41-58 283 81 11 or at info@vontobelsfa.com. The information in this Disclosure Brochure has not been approved or verified by the US Securities and Exchange Commission (**SEC**), any state securities authority, or any other governmental body.

Additional information about Vontobel SFA is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that registration with the SEC does not imply a certain level of skill or training. Vontobel SFA is an investment adviser registered with the SEC. Please note that the use of the terms "registered investment adviser" and the description of Vontobel SFA as "registered" does not imply a certain level of skill or training. The oral and written communications we provide you, including this Disclosure Brochure, is information you may wish to use in considering whether to hire or retain Vontobel SFA as your adviser.

This Disclosure Brochure is considered "Marketing Material" as defined under Article 68 of the Swiss Financial Services Act (**FINSA**).

This Disclosure Brochure applies to all your wrap fee program advisory accounts at Vontobel SFA, including any advisory accounts you may open in the future. We will not provide another copy of this Disclosure Brochure when you establish new advisory accounts unless there are material changes to the document we originally provided to you. We will provide you annually with a copy of our updated Disclosure Brochure or a summary of material changes from the Disclosure Brochure previously provided to you.

**Please retain this document for future reference as it contains important information if you decide to open new wrap fee program advisory accounts with our firm.**

**You may also obtain a copy of the current Disclosure Brochure at any time by contacting your Relationship Manager.**

## 1 Material changes

We routinely make changes throughout our Disclosure Brochure to improve and clarify the descriptions of our and our affiliates' business practices and compliance policies and procedures or in response to evolving industry and firm practice. We do not believe that these changes are material and are, therefore, not disclosed in this section of the Disclosure Brochure.

Set out below are the material changes to our Disclosure Brochure since amended on August 1, 2022.

**2.1 About us** On March 10, 2023, the Board of Directors of Vontobel SFA and the Board of Vontobel Swiss Wealth Advisors AG ("**VSWA**") decided to combine entities ("**Merger**"). VSWA was an SEC registered investment adviser providing wealth management services to clients with a US nexus as well as clients in certain provinces in Canada. (See Section 7.1.1 for more information about the Merger).

We operate from our office in Zurich, Switzerland, employing approximately 103 staff. As of the Merger, we have a branch in Geneva, Switzerland as well as branches in Miami, Florida and New York, New York. The Merger will not result in a change to your relationship with us—your account(s), agreements, products and services remain in effect.

**2.2.2 Custody Services** Was added in order to better describe Custody Services as well as introduce each of Bank Vontobel AG and Pershing Advisory Solutions LLC as Qualified Custodians which provide Custody Services to Vontobel SFA clients, depending on the Program selected by the client.

**2.4 Description of our Managed Solutions Mandates** This section has been updated to include new Managed Solutions Mandates which have been integrated into Vontobel SFA as part of the Merger.

**2.5 Description of our Investment Advisory Mandates** This section has been updated to include a new Strategy which has been integrated into Vontobel SFA as part of the Merger.

**2.6 Your Wrap Fee for all Programs** This section has been amended to include further information about the services which are included in your Wrap Fee.

**2.7 Fee Schedule and minimums** has been amended to reflect updates to each of the following for the Investment Advisory Mandates: (i) Wrap Fee, (ii) breakpoints, and (iii) minimum investment amount.

**2.8.3 Supplementary Service Fee Schedule** has been updated to include additional Custodians and update fees for precious metals and FX transactions.

**3.11 Investing in precious metals** has been updated to inform you about your investments in physical white metals if you live in certain states.

**3.14.1 Brokerage practices** has been updated clarify our practices our practices with regard to broker selection.

**3.14.2 Research and payment for order flow** has been updated to reflect our practices with respect to third party research and order flows.

**3.17 Client complaints and mediation** has been updated to provide you with the name and contact information of our new Ombudsman.

**7.1.1 The Merger; performance data** is a new section describing the Merger as well as the impact on performance data for former VSWA clients.

**7.2 Relationships and arrangements with related persons and potential conflicts of interest arising therefrom** has been amended to provide further information regarding potential conflicts of interest.

## Table of Contents

1	Material changes.....	2
2	Advisory services, fees, and compensation.....	6
2.1	About us.....	6
2.1.1	Our services as an investment adviser and relationship with you.....	6
2.1.2	Our responsibilities as an investment adviser .....	6
2.2	About our investment advisory mandates .....	6
2.2.1	Provision of Investment Advisory Services.....	7
2.2.2	Custody Services .....	7
2.2.3	US tax reporting .....	8
2.2.4	FATCA reporting .....	8
2.3	Programs and investment strategy recommendations.....	8
2.3.1	Investor Profile .....	8
2.3.2	Client Classification under FinSA .....	9
2.3.3	Program Specifications .....	9
2.3.4	Review of Client Essential Facts, Investor Profile and Program Specifications .....	9
2.4	Description of our Managed Solutions Mandates .....	9
2.4.1	Vontobel SFA Managed Solutions Mandates .....	10
2.4.2	Portfolio management models or building blocks .....	14
2.4.3	Precious Metals .....	15
2.4.4	Monitoring and rebalancing .....	15
2.4.5	Investment restrictions .....	15
2.4.6	Expressly requested investment instruments .....	16
2.4.7	Portfolio risk tolerance versus target investment strategy (Vontobel SFA Custodian only).....	16
2.4.8	Portfolio suspension (Vontobel SFA Custody Only) .....	16
2.5	Description of our Investment Advisory Mandates .....	16
2.5.1	SFA IA .....	17
2.5.2	SFA IA PRM .....	19
2.5.3	Transactions for IA Mandates .....	19
2.5.4	Portfolio monitoring for IA Mandates .....	19
2.5.5	SFA IA annual review .....	19
2.5.6	SFA IA PRM annual review.....	19
2.6	Your Wrap Fee for all Programs.....	19
2.6.1	Fee Negotiation.....	20
2.6.2	Wrap Fee Calculation .....	20
2.7	Fee schedule and minimums .....	20
2.7.1	Investment Advisory Mandates .....	21
2.7.2	Managed Solution Mandates .....	21
2.8	Fees and other charges not covered by your Wrap Fees.....	23
2.8.1	Foreign exchange (FX) related costs .....	23
2.8.2	Precious metals .....	24
2.8.3	Supplementary Services Fee Schedule .....	25
2.9	Transaction-related taxes, stamp duties, and exchange fees.....	26

2.10	Fees and expenses with regard to funds .....	26
2.10.1	Fund share class selection; distribution and related fees received by Vontobel SFA's affiliates.....	26
2.10.2	Distribution fees received by Vontobel SFA .....	27
2.10.3	Total expense ratio .....	27
2.10.4	Redemption fees for active trading.....	27
2.10.5	Recommendation of affiliated / proprietary securities and investments .....	27
2.11	Revenue sharing arrangements with Bank Vontobel AG .....	27
2.11.1	Loans.....	28
2.12	Compensation .....	29
2.12.1	Conflict of interest in regard to compensation .....	29
2.12.2	Conflict of interest in regard to compensation of our financial professionals .....	29
3	Account requirements and types of clients.....	29
3.1	Types of clients .....	29
3.2	Account requirements .....	29
3.3	Video Identification through Vontobel Access app .....	29
3.4	Verbal instruction after execution of a Program agreement.....	30
3.5	Confirmation of your account record .....	30
3.6	Outsourcing of operations and services .....	30
3.7	Data protection and banking secrecy .....	30
3.7.1	Transactions and services requiring disclosure of Client Data .....	30
3.7.2	Data sharing notification.....	31
3.8	Cross-border business .....	31
3.9	Client reporting and performance reporting for your account.....	31
3.10	Valuation of account assets.....	31
3.11	Investing in precious metals .....	31
3.11.1	Collective custody .....	32
3.11.2	Segregated custody.....	33
3.12	Fixed term and call fiduciaries .....	33
3.13	Changes in currency values; differences between “home” and “Program” currency .....	33
3.14	Brokerage practices.....	34
3.14.1	Brokerage practices, generally.....	34
3.14.2	Research and payment for order flow .....	34
3.14.3	Brokerage for client referrals.....	35
3.14.4	Directed brokerage .....	35
3.14.5	Aggregation and allocation.....	35
3.14.6	Allocation of investment opportunities.....	35
3.14.7	Trade error handling .....	35
3.14.8	Principal trades and cross trades.....	35
3.14.9	Trading conflicts.....	35
3.15	Custody .....	35
3.16	Electronic delivery of documents (only if Vontobel SFA is your Custodian) .....	36
3.17	Client complaints and mediation.....	36
3.18	Conflict of laws disclosure .....	37

4	Portfolio manager selection and evaluation of portfolio managers .....	37
4.1	Performance-based fees and side-by-side management .....	37
4.2	Managed Solution Mandates.....	37
4.3	Rights arising from corporate actions .....	38
4.4	Voting client securities (proxy voting).....	38
5	Methods of analysis, investment strategies, and risk of loss .....	38
5.1	Methods of analysis and investment strategies .....	38
5.2	Risk of loss.....	39
5.3	Pandemic risk .....	39
5.4	Material, significant or unusual risks relating to investment strategies.....	39
5.4.1	Sanctions risk .....	40
5.4.2	General portfolio risks .....	40
5.4.3	Information and risks associated with sustainable investing strategies .....	42
5.4.4	Risks that apply primarily to equity investments Equity securities risk.....	43
5.4.5	Risks related to fixed-income investments Fixed-Income securities risks .....	43
5.4.6	Physical precious metal risk.....	46
5.4.7	Risks that apply primarily to investments in funds .....	46
5.5	Event of bankruptcy of Vontobel SFA as Custodian .....	46
6	Client information provided to managers.....	47
6.1	Client contact with portfolio managers.....	47
7	Additional information.....	47
7.1	Disciplinary information .....	47
7.1.1	The Merger; performance data .....	47
7.2	Relationships and arrangements with related persons and potential conflicts of interest arising therefrom.....	47
7.2.1	Potential conflicts with affiliates in general .....	47
7.2.2	Potential conflicts with certain members of the Vontobel SFA Board of Directors .....	48
7.2.3	Bank Vontobel AG .....	48
7.2.4	Vontobel Securities Ltd. ....	48
7.2.5	Vontobel Asset Management, Inc. ....	49
7.2.6	Potential conflicts with employees of Vontobel SFA.....	49
7.3	Other financial industry activities and affiliations .....	49
7.3.1	Relationship with UBS entities .....	49
7.4	Potential conflicts of interest and additional compensation .....	49
7.4.1	Potential conflicts with SIX-SIS .....	49
7.5	Code of ethics, participation or interest in client transactions, and personal trading.....	49
7.6	Review of client relationships (client accounts) .....	50
7.6.1	Annual RM review.....	50
7.6.2	Other reviews.....	50
7.7	Client referrals and other compensation arrangements with affiliates.....	50
7.8	Financial information .....	50

## 2 Advisory services, fees, and compensation

### 2.1 About us

Since 2004, we have offered investment advisory services from Zurich, Switzerland. On December 16, 2021, Vontobel Holding AG (**Vontobel**), a global investment firm, entered into an agreement with UBS AG to purchase our firm. Thereafter, on August 1, 2022, ownership was transferred to Vontobel. We are now a wholly-owned subsidiary of Vontobel and our name has been changed to Vontobel Swiss Financial Advisers AG (**Vontobel SFA**).

On March 10, 2023, the Board of Directors of Vontobel SFA and the Board of Vontobel Swiss Wealth Advisors AG (**VSWA**) decided to combine entities (**Merger**). VSWA was an SEC registered investment adviser providing wealth management services to clients with a US nexus as well as clients in certain provinces in Canada. (See Section 7.1.1 for more information about the Merger).

We operate from our office in Zurich, Switzerland, employing approximately 103 staff. As of the Merger, we have a branch in Geneva, Switzerland as well as branches in Miami, Florida and New York, New York. The Merger will not result in a change to your relationship with us—your account(s), agreements, products and services remain in effect.

We are a registered investment adviser with the SEC (**RIA**) in the United States (**US**) and have a license in Switzerland from the Swiss Financial Market Supervisory Authority (**FINMA**) as a Wertpapierhaus (which roughly translates in English to “Securities Firm”). When we provide custody services, we do so as a Qualified Intermediary under agreement (**QI Agreement**) with the US Internal Revenue Service (**IRS**).

As an RIA, we complete Part 1 of Form ADV, which contains additional information about our business and our affiliates. This information is publicly available through our filings with the SEC at <http://www.adviserinfo.sec.gov/>.

This information is current as of the date of this Disclosure Brochure and is subject to change at our discretion.

#### 2.1.1 Our services as an investment adviser and relationship with you

We believe that professional investment advisory programs can help investors pursue their investment objectives. However, the fees and expenses associated with advisory services may exceed those that apply to brokerage services. Advisory products are not for everyone. Please speak with your Relationship Manager (**RM**).<sup>1</sup> for additional information.

In our capacity as an investment adviser, we offer a number of investment advisory programs, including discretionary investment management and non-discretionary investment advisory mandates, and advice on the selection of mutual funds, exchange traded funds and other securities offered through our investment advisory programs. Depending on the advisory solution you select, your assets will either be custodied with

Bank Vontobel AG, Pershing Advisory Solutions LLC (**Pershing**), or with us as your Qualified Custodian (each, a **Custodian**).

The fees for these services and programs are calculated as a percentage of assets in the account and are charged on an ongoing basis.

When we act as your investment adviser, we will enter into a written agreement with you expressly acknowledging our investment advisory relationship with you and describing our specific obligations to you. At the beginning of our advisory relationship, we will give you our Disclosure Brochure which provides detailed information about, among other things: the program(s) you select; the advisory services we provide; your custody relationship, our fees, personnel, other business activities and financial industry affiliations; and conflicts between our interests and your interests.

#### 2.1.2 Our responsibilities as an investment adviser

When you participate in one of our investment advisory programs, we are considered to have a fiduciary relationship with you under the Investment Advisers Act of 1940. Our responsibilities include the obligation:

- to disclose all material facts, including conflicts between our interests and your interests
- to inform you if we or our affiliates receive additional compensation from you or a third-party as a result of our relationship with you
- to seek best execution of your securities transactions; to obtain your informed consent before engaging in transactions with you for our own account or that of an affiliate or another client when we act in an advisory capacity (principal trades)
- to treat you and our other advisory clients fairly and equitably, without unfairly favoring one client to the disadvantage of another
- to act in what we reasonably believe to be your best interests and in the event of a conflict of interest, place your interests before our own
- to provide recommendations that we reasonably determine are suitable for you given your individual financial situation, investment objectives and goals (based on information you provide) and that are consistent with any restrictions you have placed on us.

### 2.2 About our investment advisory mandates

This Disclosure Brochure describes our wrap fee investment advisory programs (**Programs**). To address different investment needs, we offer both discretionary (**Managed Solutions Mandates**) and non-discretionary (**Investment Advisory Mandates**) solutions generally available in three (3) Program currencies: US Dollar (**USD**), Swiss Francs (**CHF**), and Euro (**EUR**). Not all Programs are available in all Program currencies. We do not hold ourselves out as specializing in a particular type of advisory service or strategy. Instead, our Programs offer a broad variety of strategies and asset allocations.

<sup>1</sup> Referred to by VSWA as “Wealth Management Advisor” prior to the Merger. Referred to by us as “Wealth Management Consultant” prior to the Merger.

Although we are licensed to provide investment advisory services in the US as an RIA, we are not licensed to provide broker-dealer services, banking services or US-regulated derivatives services in the US or Canada.

Absent limited exceptions, as described further in the next paragraph, **we do not facilitate or carry out execution-only transactions**. Rather, for each Investment Advisory Mandate, we provide you with personal investment advice and investment recommendations on an ongoing basis. For example, we advise you on the impact of a securities transaction considering:

- the asset allocation in relation to your stated risk profile and strategy and portfolio volatility
- the liquidity of an investment instrument
- the concentration risk by the counterparty
- your stated personal and financial circumstances
- the global economic financial market environment; and/or
- your stated investment restrictions, if any.

Our Programs offer wrap fee advisory services, which allow you to manage your account in a number of ways:

- You can delegate investment discretion to our investment professionals, Vontobel SFA Managed Solutions (**Managed Solutions**). This type of account is referred to in this document as our “discretionary” program or Managed Solution Mandate.
- You can work with your RM in combination with our Investment Advisory Team where you retain investment discretion. This type of account is sometimes referred to in this document as our “non-discretionary”, “client directed”, “or self-directed” program or Investment Advisory Mandate.
- You can use a combination of the above.

Generally, our Programs are designed for clients who want:

- to implement a medium to long-term investment strategy
- to receive advice and guidance from an investment professional on an ongoing basis, either in their self-directed accounts or by delegating management of their assets to a portfolio manager; and
- investment advice, custody, trading and execution services, performance reporting, and US tax reporting services for an all-inclusive account fee instead of paying for those services separately.

Our Programs may not be appropriate for you if you:

- have a short-term investment horizon;
- want to maintain consistently high levels of cash or money market funds in your account;
- want to maintain highly concentrated positions that will not be sold regardless of market conditions;
- want to maintain a high cash concentration over an extended period of time; and/or
- anticipate regular or continuous withdrawals from your account.

Our Programs offer personalized investment advice, ongoing portfolio monitoring, custody, trade execution and other services for a single wrap fee which is based on a percentage of the assets in your account. We, and/or our affiliate Bank

Vontobel AG, earn more if the assets in your account increase and in connection with certain FX transactions; however, your wrap fee will remain the same regardless of how frequently you trade. Other fees may apply to certain transactions as described in section 2.8 (“Fees and other charges not covered by your Wrap Fees”). Depending on your desired services and expected trading activity, you may pay more or less to receive each of the services included in the wrap fee separately.

### 2.2.1 Provision of Investment Advisory Services

We provide investment advisory services to our clients. All personnel providing investment advisory services for our clients are supervised persons, i.e., officers, directors or employees of Vontobel SFA, and there are no external investment advisers nor affiliated entities (or employees of affiliates) that act as investment adviser (i.e., portfolio manager) on our behalf.

In limited cases, and only for persons domiciled outside the US and outside of Canada, we facilitate or carry out execution-only transactions under our license as a FINMA-supervised Securities Firm in Switzerland. Such services are not part of the wrap fee programs described in this Disclosure Brochure, are not included as part of any investment advisory agreement and are subject to separate agreements and fees. We neither provide investment advice, nor act in our capacity as a US-registered investment adviser or International Exempt adviser (under Canadian law) in connection with such execution-only services. Additionally, if an eligible client domiciled outside the US gives purchase and sales orders without investment advice from us, we will not assess the appropriateness or the suitability of such transactions, unless required by law. This information is only provided here and will not be repeated at the time such transactions occur.

### 2.2.2 Custody Services

Custody services include but are not limited to: (i) trade reconciliation (including matching of orders, electronic delivery of trades, settlement of trades), (ii) valuation of portfolio holdings, (iii) pursuant to client authorization, the debiting from the client account fees owed to us; (iv) maintenance of certain books and records; and (v) client reports reflecting trading activity, account valuation information, and tax reporting information and tax reclaim services (**Custody Services**).

Vontobel SFA clients have the choice of selecting one of the following Custodians for their Program assets: (i) Vontobel SFA; (ii) Bank Vontobel AG, an affiliate of Vontobel SFA, or Pershing Advisor Solutions LLC (“Pershing”) for cash, debt, and equity positions (individually referred to as “Custodian”, and collectively, as “Custodians”). Notwithstanding the foregoing, Pershing does not provide Custody Services for physical precious metals. **Notwithstanding the foregoing, Bank Vontobel AG or Pershing, as applicable, will continue to be the Custodian for all program accounts for which VSWA acted as an RIA prior to the Merger. Because the choice of custodian is tied to the choice of Program, it could be that a Vontobel SFA client with more than one Program can have more than one Custodian.**



The Program you choose will determine your Custodian:

**Managed Solutions Mandates:** there are certain Managed Solution Mandates where Custody Services are provided by Vontobel SFA only and other Managed Solution Mandates where Custody Services are provided by either Bank Vontobel AG or Pershing.

**Investment Advisory Mandates:** You have the choice whether you would like Vontobel SFA, Bank Vontobel AG, or Pershing to provide Custody Services.

***If you choose a Program where either Bank Vontobel AG or Pershing is your Custodian, Vontobel SFA will not be liable for any act or omission of your chosen Custodian in connection with the provision of Custody Services. Furthermore, Vontobel SFA will be entitled to rely on any information provided by your chosen Custodian.***

**Bank Vontobel AG Custody:** If you choose Bank Vontobel AG as your Custodian, your safe custody relationship will be governed by the laws of Switzerland. Bank Vontobel AG is a bank licensed and supervised in Switzerland by FINMA. This means your custody relationship will be subject to oversight of FINMA—the SEC will not have oversight of your custody relationship.

**Pershing Custody:** If you choose Pershing as your Custodian, your safe custody relationship will be governed by the laws of the US state of New York. Pershing is registered with the SEC as a broker-dealer which establishes and maintains brokerage accounts for retail investors and introduce those accounts to its affiliated clearing firm, Pershing LLC. This means your custody relationship will be subject to oversight of FINRA and the SEC in the US—FINMA (in Switzerland) will not have oversight of your custody relationship.

**Vontobel SFA Custody:** Your investment advisory mandates agreement is governed by the laws of Switzerland. However, as Vontobel SFA is a US registered investment adviser and Vontobel SFA clients are afforded certain protections for investment advice, trade execution, and custody under the Investment Advisers Act and the Rules the SEC promulgated thereunder, including service of process in the United States. This means the advice, trade execution, and Custody Services provided to you by Vontobel SFA are subject to oversight by both FINMA and the SEC.

### 2.2.3 US tax reporting

Each of Vontobel SFA and Bank Vontobel AG, when providing Custody Services, provide all relevant US sourced income information to our clients subject to taxation in the US on an annual basis. In some instances, we may have an obligation to file US sourced income by 1099 reporting to the IRS. Where mandatory, we will do the necessary 1099 filing. We provide IRS Form 1042 reporting to the IRS and satisfy any withholding tax obligations on behalf of all non-US clients.

### 2.2.4 FATCA reporting

Vontobel SFA is a Participating Foreign Financial Institution under the US Foreign Account Tax Compliance Act (**FATCA**). When Vontobel SFA is your custodian, we may be required to report some or all of the following information to the IRS: your name and address, beneficial ownership information, a copy of any IRS Form W-9 “Request for Taxpayer Identification Number and Certification” on file and/or some or all of the data contained in the IRS Form W-9, account statements, the amount of assets held with us, the amount of revenues and income, and any other information regarding the relationship which may be requested or required by the IRS.

### 2.3 Programs and investment strategy recommendations

Prior to recommending any service, specific Program, or investment strategy, our RMs make a reasonable inquiry into your financial situation. This includes, but is not limited to, reviewing your investment objectives and risk tolerance for the purpose of determining whether any service, Program and/or investment strategy presented to you is suitable.

Additionally, RMs evaluate and discuss with you the Program’s fee structure and, specifically, whether an asset-based wrap fee and advisory relationship is suitable for you.

When opening an account, RMs use reasonable diligence to learn essential facts about you necessary to satisfy know your customer requirements as well as to establish an investor profile of your investment needs, goals, preferences, objectives, risk tolerance, financial circumstances, and knowledge and experience with various financial products and services (“Investor Profile”).

#### 2.3.1 Investor Profile

The Investor Profile is fundamental in order to understand your needs and overall financial situation (inclusive of your personal loss capacity or risk tolerance), investment objectives, and your knowledge and experience.

Your Investor Profile helps us to determine whether any specific Program, strategy and investment objective recommendations are suitable for you.

An Investor Profile must be in place before any Program account is opened. Your RM will work with you to complete an Investor Profile based on your stated financial situation, objectives, preferences and needs, and knowledge and experience. An Investor Profile is composed of two basic parts: (i) the client risk profile and (ii) portfolio risk tolerance captured in your Program Specifications<sup>2</sup> (defined below).

#### Investor Profile

**Client risk profile:** As part of the investor profiling process, the following information is requested from the client in order to determine the client risk profile:

- Financial situation, for the purpose of calculating the client’s risk tolerance considering free assets and cash/liability needs; and

<sup>2</sup> Referred to by VSWA as “Account Risk Profile” prior to Merger



- Knowledge and experience regarding asset classes and product groups as well as types of investment instruments.

**Portfolio risk profile<sup>3</sup>:** As part of the investor profiling process, the following information is obtained from the client, for each account, in order to determine the portfolio risk tolerance for each account the client has with us:

- Investment objectives, goals, and risk tolerance
- Portfolio risk tolerance (i.e., modest, average, above average, etc.)<sup>4</sup>
- Investment strategy (i.e., conservative, moderate, or aggressive, etc.)<sup>5</sup>
- Expected annual return and volatility (only for Programs where Vontobel SFA is Custodian)
- Investment time horizon (based on the period of historical drawdown); and
- Portfolio loss tolerance (based on the period of historical drawdown).

Following the completion of the Investor Profile, the RM is responsible for assessing that your portfolio risk tolerance for your Program account(s) is in line with your Investor Profile, including your portfolio risk tolerance for that account and your client risk profile. The Investor Profile is reviewed with you during your annual RM review, as discussed in greater detail in section 8.5 (“Review of client relationships (“client accounts”)”).

### 2.3.2 Client Classification under FinSA

As a Swiss based company, Vontobel SFA is subject to the relevant provisions of the Swiss Financial Services Act (FinSA).

FinSA segments clients of Swiss based financial services providers, like Vontobel SFA, into 3 categories: private clients, professional clients, and institutional clients. Depending on their respective classification, the clients benefit from a different level of investor protection under FinSA. Clients classified as “private” benefit from the highest level of protection under Swiss Law.

It is important to point out that the client classification concept introduced by FinSA, and your classification as private client or professional client, does not impact, modify, waive, or in any way limit any rights you have under U.S. Federal Securities Laws, and should the protection offered by U.S. Federal Securities Laws be more comprehensive than under Swiss Law, then U.S. Federal Securities Laws apply.

Vontobel SFA classifies all clients, per default, as “private”. If you meet certain requirements, you have the opportunity to change your status to the classification called “professional”. In doing so, you will waive certain investor protections under FinSA (while maintaining full protection under the applicable U.S. Federal Laws) and gain access to a wider range of financial instruments in the context of an IA Mandate. The requirements to change your status from the classification called

“private” to the classification called “professional” under FinSA include a total wealth minimum as well as a certain level of knowledge and experience in the financial sector and in different asset classes. If you meet these requirements, you can communicate to your RM that you wish to “opt-out” and be classified as a “professional client”. Your RM will provide you with the necessary forms and any additional information you may require.

### 2.3.3 Program Specifications

In selecting a Program, you must define your program specifications (Program Specifications) for your account. The Program Specifications must be in line with your Investor Profile, including your portfolio risk tolerance for that account and your client risk profile.

The Program Specifications include, but are not limited to, program currency<sup>6</sup>, reporting currency (as defined in greater detail below), target investment strategy, investment objective, and specific investment instructions (or restrictions), if any.

### 2.3.4 Review of Client Essential Facts, Investor Profile and Program Specifications

As explained in greater detail in section 7.6 (“Review of client relationships” (client accounts)), we review the accuracy of the essential facts and other records pertaining to you at least annually. We also re-evaluate, as appropriate, your Investor Profile and Program Specifications, to ensure our recommendations to you remain suitable.

### 2.4 Description of our Managed Solutions Mandates

The managed solution mandates described in this Disclosure Brochure offer you the portfolio management services of our Managed Solutions Team. Our Managed Solutions Team has the primary responsibility for the day-to-day management of the Managed Solution Mandates.

By selecting one of our Managed Solutions Mandates, you authorize us to act as your investment adviser and give us the power to execute transactions on your behalf (i.e., buy, sell, or otherwise trade securities or other investments) for the assets held in your discretionary account without consulting you. We have sole authority to manage your account and to make all investment decisions for your account without discussing these transactions with you. The assets in your Managed Solution Mandate will be managed in accordance with your Program Specifications.

Assets held by Vontobel SFA in Managed Solutions Mandates as per December 31, 2022: USD 4,527,105,793.31

Note that the above figures: (i) represent the assets as if the Merger occurred on December 31, 2022; and (ii) correspond to all assets held by clients in our Managed Solutions Mandates and are not limited to our “Regulatory Assets under Management” figures as disclosed in Form ADV Part 1A, Item 5.

<sup>3</sup> Referred to by VSWA as “Account Risk Profile” prior to Merger

<sup>4</sup> Referred to by VSWA as “Risk Averse, Below Average, Average, and Above Average” prior to Merger.

<sup>5</sup> Referred to by VSWA as “Fixed Income Plus, Conservative, Balanced, Growth, etc.” prior to Merger.

<sup>6</sup> Referred to by VSWA as “Key Investment Currency” prior to Merger.

**2.4.1 Vontobel SFA Managed Solutions Mandates**

Vontobel SFA offers a total of 18 Managed Solutions Mandates, of which there are:

- Nine (9) Multi-Asset Class Managed Solutions;
- Seven (7) Single-Asset Managed Solutions; and
- Two (2) Customized Mandate

The six (6) base investment strategies can be further tailored to create an investment portfolio with individual specifications.

The following table provides an overview of the strategies and related investment objectives for each Managed Solution Mandate:

**Multi-Asset Class (MAC) Mandates**

STRATEGY	INVESTMENT OBJECTIVES	PM GLOBAL*	PM INTERNATIONAL*	MANAGED GLOBAL DEVELOPED**	MANAGED EUROPE**	MANAGED SWITZERLAND**	PM SUSTAINABLE INVESTING*	MANAGED FUNDS**	MANAGED FUND PORTFOLIO*	PS INTERNATIONAL*	PM CHOICE (CUSTOM)*	PM PRIME (CUSTOM)*
Fixed Income <sup>7</sup>	To seek long-term capital preservation and regular interest income with minimal volatility.	√	√	√	n/a	n/a	n/a	n/a	√	√	√	√
Income	To seek long-term capital preservation, regular interest income, and very modest capital appreciation, with relatively low volatility.	√	√	n/a	n/a	n/a	n/a	n/a	√	√	√	√
Yield <sup>8</sup>	To seek income generation and long-term capital appreciation with moderate volatility.	√	√	√	√	√	√	√	√	√	√	√
Balanced	To seek a balance of income and long-term capital appreciation generated by a broad mix of interest, dividends and capital gains, with medium volatility.	√	√	√	√	√	√	√	√	√	√	√
Growth	To seek significant long-term capital appreciation, with only modest interest income and dividend yield with above average volatility.	√	√	√	√	√	√	√	√	√	√	√
Equity <sup>9</sup>	To seek substantial long-term capital appreciation with nominal dividend yield with high volatility.	√	√	n/a	n/a	n/a	n/a	n/a	√	√	√	√

\* Custody Services provided by Vontobel SFA

\*\* Custody Services provided by Bank Vontobel AG or Pershing

<sup>7</sup> Strategy at VSWA prior to Merger was referred to as "Fixed Income Plus" and corresponds to a "Risk Averse" risk profile for VSWA clients prior to Merger.

<sup>8</sup> Strategy at VSWA prior to Merger was referred to as "Conservative" and corresponds to a "Below Average" risk profile for VSWA clients prior to Merger.

<sup>9</sup> Corresponds to an "Above Average" risk profile for VSWA clients prior to Merger.

Available in all 11 strategies with individual program currency selection (see overview table below):

PROGRAM CURRENCY	PM GLOBAL	PM INTERNATIONAL	MANAGED EUROPE	MANAGED SWITZERLAND	PM SUSTAINABLE INVESTING	MANAGED FUNDS	MANAGED FUND PORTFOLIO	PS INTERNATIONAL	PM CHOICE (CUSTOM)	PM PRIME (CUSTOM)
USD	√	n/a	n/a	n/a	√	√	√	n/a	n/a	n/a
CHF	√	n/a	√	√	n/a	√*	n/a	n/a	n/a	n/a
EUR	√	√	√	n/a	n/a	√*	n/a	√	n/a	n/a

\* Only available for Growth strategy

**Program currencies.<sup>10</sup> available for each Managed Solution Mandate:** The Program currency is the currency in which investment performance is measured over a specific period of time. The Program currency affects the portfolio composition and represents the largest currency allocation in the portfolio, but does not preclude investments in other currencies. See section 3.13 ("Changes in currency values; differences between "home" and "Program" currency") for more information regarding the risks associated with selecting a Program currency which is different from your "home" currency (i.e., the currency of your country of residence).

**Reporting currencies available for each Managed Solution Mandate:** The reporting currency is the currency in which you wish Vontobel SFA to report the investment performance of your account. You have the possibility to select any major currency as Reporting currency including, but not limited to, USD, CHF, EUR.

The reporting currency is not the program currency. The performance of your portfolio as measured by the Program Currency (the currency which represents your largest allocation and exposure), may significantly deviate from the performance shown in the Reporting currency due to exchange rate fluctuations. In case the Reporting currency is not defined, the selected Program Currency will be applied as Reporting currency. If the Reporting Currency for your account is not CHF, then the debiting of your Wrap Fee for your account will result in a foreign-exchange transaction. Specifically, CHF will be bought against the Reporting Currency and an FX transaction fee that is not part of the Wrap Fee will be charged. See section 2.8 ("Your Wrap Fee for all Programs").

**SFA Managed Fund Portfolio (MFP)** provides an "open architecture" platform which gives investors access to investment funds in the form of mutual funds and exchange traded funds (ETFs) from providers around the world. The main objective is to allocate assets to investment funds and to reduce the risk by diversifying the fund managers across assets classes and regions/currencies.

While the main objective of MFP is to provide access to investment funds, MFP will also invest in other securities such as structured products and certain fixed income securities. The offered program currency is USD.

Custody Services are provided by Vontobel SFA.

**SFA Portfolio Management Sustainable Investing (PM Sustainable Investing)** provides access to sustainable investments and sustainable investing strategies through mutual funds, ETFs, and other instruments in program currency USD.

Flexibility and adherence to the principles of environmental, social and governance (ESG) investing are fundamental.

For mutual funds, ETFs, and other instruments, the manager selection process for PM Sustainable Investing is designed to assess the extent to which managers have integrated ESG factors into their decision-making process in a way that is relevant to their strategy.

There is no guarantee that a sustainable investing strategy will result in a portfolio of investments that meet any specific ESG ratings or standards established by Vontobel or third parties. Information regarding how a fund incorporates ESG factors into their investment and portfolio construction process is available in the respective fund prospectus.

**The ESG related criteria employed is subjective in nature. ESG-related criteria in the context of securities selection and investment advice varies as ESG is not a uniformly defined characteristic. Vontobel SFA does not adhere to any ESG regulations or policies and does not provide ESG specific solutions or investment advice. Furthermore, since ESG is a broad concept, our interpretation of, and qualifications for, an ESG investment selection may differ from other interpretations of the same company.** This mandate is not available for clients residing in the European Economic Area (EEA).

Custody Services are provided by Vontobel SFA.

**SFA Portfolio Management Global (PM Global)** provides access to markets and investment opportunities around the world (including the US) with a focus on your chosen Program currency (USD, EUR, CHF).

Custody Services are provided by Vontobel SFA.

<sup>10</sup> Referred to by VSWA as "Key Investment Currency" prior to Merger.

**SFA Portfolio Management International (PM International)** provides access to investment opportunities outside of the US (i.e., Western Europe, Asia Pacific (**APAC**), emerging markets) in program currency EUR.

Custody Services are provided by Vontobel SFA.

**SFA Portfolio Strategy International (PS International)** provides access to investment opportunities outside of the US (i.e., Western Europe, APAC, emerging markets) in program currency EUR.

Investments in equities are generally covered via mutual funds, ETFs, or other types of pooled vehicles (e.g., structured products), rather than in direct equity investments. Investments in bonds are made through direct bond investments, mutual funds, ETF or other types of pooled vehicles. The overall size of the portfolio will have an impact on the amount of investment instruments which can be held. There is a risk of higher volatility in portfolios with a small number of investment instruments.

Custody Services are provided by Vontobel SFA.

**SFA Managed Global Developed (Managed Global Developed)**<sup>11</sup> provides access to investments in US, Eurozone and Switzerland regions with USD, EUR, or CHF as the program currency. Clients can choose between 4 multi-asset class strategies: Fixed Income, Conservative, Balanced, and Growth. Clients can define the equity asset class neutral weights (SAA) according to their individual preferences (individual mandate).

Special client-defined mandates based upon individual investment objective are also available upon request in the case of a minimum investment of at least CHF 5 million.

Custody Services are provided by Bank Vontobel AG or Pershing.

**SFA Managed Europe (Managed Europe)**<sup>12</sup> provides access to investments in Eurozone and Switzerland with EUR or CHF as the Program Currency. Clients can choose between 3 multi-asset class strategies: Conservative, Balanced, and Growth. Clients can define the equity asset class neutral weights (SAA) according to their individual preferences (individual mandate).

Special client-defined mandates based upon individual investment objective are also available upon request in the case of a minimum investment of at least CHF 5 million.

Custody Services are provided by Bank Vontobel AG or Pershing.

**SFA Managed Switzerland (Managed Switzerland)**<sup>13</sup> provides access to investments in Switzerland with CH as the program currency. Clients can choose between 3 multi-asset class strategies: Conservative, Balanced, and Growth. Clients can define the equity asset class neutral weights (SAA) according to their individual preferences (individual mandate).

Special client-defined mandates based upon individual investment objective are also available upon request in the case of a minimum investment of at least CHF 5 million.

Custody Services are provided by Bank Vontobel AG or Pershing.

**SFA Managed Funds (Managed Funds)**<sup>14</sup> is for clients who primarily seek exposure to collective investment schemes. A significant portion of the mandate's assets is allocated to third-party US exchange-traded funds (ETFs) and—to a much lesser extent, if at all—US mutual funds, with some exposure to short-term investments and alternative investments. Diversification and access to major financial equity markets, above all in the US, Europe and Switzerland, is achieved through US ETFs. The amount of risk will vary, depending on whether the Conservative, Balanced or Growth sub-strategy is selected. For the reference currency USD, all three sub-strategies are available. For the reference currencies EUR and CHF, only the Growth sub-strategy is available. All investments will be denominated in USD irrespective of the chosen reference currency.

Custody Services are provided by Bank Vontobel AG or Pershing.

Managed Funds is no longer open for new mandates.

### Customized Managed Solutions

**SFA Portfolio Management Choice (PM Choice)** is a tailor-made investment strategy with a variety of available models, markets, and currencies. You choose from the available models and strategies or markets (i.e., Europe, Asia, etc.) to define how the portfolio should be managed. The main objective is to allocate assets to investments according to your chosen investment models.

Custody Services are provided by Vontobel SFA.

**SFA Portfolio Management Prime (PM Prime)** is a tailor-made Managed Solution Mandate with dedicated Vontobel SFA Investment Management oversight. With a PM Prime account, you define, together with the RM and a member of the Managed Solutions team, your individual strategic asset allocation (**SAA**), the bandwidths for tactical moves, and the preferred investment instruments. Managed Solutions defines the individual SAA risk and return of the PM Prime program. The result is reflected in one of 6 investment strategies. The tactical asset allocation for each PM Prime account is reviewed

<sup>11</sup> Referred to by VSWA as "Multi-Asset Class (MAC) – Equity Focus: Global" prior to the Merger.

<sup>12</sup> Referred to by VSWA as "Multi-Asset Class (MAC) – Equity Focus: Europe" prior to the Merger.

<sup>13</sup> Referred to by VSWA as "Multi-Asset Class (MAC) – Equity Focus: Swiss" prior to the Merger.

<sup>14</sup> Referred to by VSWA as "Multi-Asset Class (MAC) – Managed Funds"

separately on a regular basis and changes are made as appropriate.

Available upon request in the case of a minimum investment amount of at least CHF25 million.

Custody Services are provided by Vontobel SFA.

#### Single Asset Class Mandates<sup>15</sup>

STRATEGY	INVESTMENT OBJECTIVES	REGION					THEME	
		PM Asia Opportunities USD	PM European Trade Opportunities EUR	Managed Eurozone Equities EUR	Managed Swiss Equities CHF	Managed Swiss/Eurozone Small & Mid Cap Equities CHF	Managed Impact Opportunities Equities USD	Managed Megatrends Equities USD
Equity <sup>16</sup>	To seek substantial long-term capital appreciation in special themes and nominal dividend yield with significant volatility.	✓	✓	✓	✓	✓	✓	✓

**Program currencies available for each Managed Solution Mandate:** The Program currency is the currency in which investment performance is measured over a specific period of time. The Program currency affects the portfolio composition and represents the largest currency allocation in the portfolio, but does not preclude investments in other currencies. See section 3.13 (“Changes in currency values; differences between “home” and “Program” currency”) for more information regarding the risks associated with selecting a Program currency which is different from your “home” currency (i.e., the currency of your country of residence).

**SFA Portfolio Management Asian Opportunities (USD) (PM Asian Opportunities)** provides access to investment opportunities outside the US with a focus on Asia. The main objective is to allocate your assets through direct access to equity securities and/or investment funds traded in local Asian markets and abroad (i.e., London, US, etc.), while at the same time benefiting from a geographically diversified investment program.

Asian equity markets can be substantially less liquid than those in the US and in Europe. Furthermore, market and currency volatility are significantly higher. Transparency of company statements and management activities can be lower than in the US and Europe. Political or regulatory changes can lead to unplanned transactions, costs, and losses. The limited spectrum of investment vehicles available within this region can result in concentrated asset class, market, sector, or security exposure. One or more of the risks mentioned above can individually or in combination result in you losing all or part of the invested assets.

Custody Services are provided by Vontobel SFA.

**SFA Portfolio Management European Trade Opportunities (EUR) (PM European Trade Opportunities)** provides access to European equity markets such as the Eurozone, Nordic

countries, Switzerland, and other countries. The main objective is to allocate assets to European equities. PM European Trade Opportunities offers investors an active stock selection strategy based on financial fundamentals and market data with diversification from pure asset allocation driven approaches. The portfolio can contain securities in the program currency and/or other currencies. The stock selection process per design results in higher turnover and holding periods for underlying investments are typically below 12 months.

Custody Services are provided by Vontobel SFA.

**SFA Managed Eurozone Equities (EUR)**<sup>17</sup> is for clients who seek to achieve long-term capital appreciation with a clear investment focus on equities of companies domiciled in the Eurozone, and with higher risk associated with equity markets. An all-cap mandate investing in large, mid, and small cap companies. A portion of the mandate’s assets can be allocated to small cap companies (market capitalization of EUR 100m-2bn) and mid cap companies (market capitalization of EUR 2-10bn).

Custody Services are provided by Bank Vontobel AG or Pershing.

<sup>15</sup> Referred to by VSWA as “Focus Mandates” prior to Merger.

<sup>16</sup> Corresponds to an “Above Average” risk provide for VSWA clients prior to Merger.

<sup>17</sup> Referred to by VSWA as “Focus Mandate Eurozone Equities (EUR)” prior to Merger.

**SFA Managed Swiss Equities (CHF)**<sup>18</sup> is for clients who seek to achieve capital appreciation over the long term, with a clear investment focus on equities of Swiss companies, and with the higher risk associated with equity markets. An all-cap mandate that contains large, mid, and small cap companies. A portion of the mandate's assets can be allocated to small cap companies (market capitalization of CHF 100m-2bn) and mid cap companies (market capitalization of CHF 2-10bn).

Custody Services are provided by Bank Vontobel AG or Pershing.

**SFA Managed Swiss/Eurozone Small & Mid Cap Equities (CHF)**<sup>19</sup> is for clients who seek to achieve capital appreciation over the long term, with a clear investment focus on equities of companies domiciled in Switzerland and the Eurozone, and with higher risk associated with equity markets. The mandate's assets are allocated to small cap companies (for Swiss issuers, market capitalization of CHF 100m-2bn; for Eurozone issuers, market capitalization of EUR 100m-2bn) and mid cap companies (for Swiss issuers, market capitalization of CHF 2-10bn; for Eurozone issuers, market capitalization of EUR 2-10bn) or larger companies (for Swiss issuers, market capitalization of CHF >10bn; for Eurozone issuers, market capitalization of EUR >10bn).

Custody Services are provided by Bank Vontobel AG or Pershing.

**SFA Managed Impact Opportunities Equities (USD)**<sup>20</sup> is for clients who seek to achieve capital appreciation over the long term, with a clear investment focus on equities of companies worldwide, primarily in developed markets, that strive to make a positive environmental and social impact in areas such as health, education, poverty, and the environment, and with higher risk associated with equity markets. The majority of the mandate's assets are allocated to large cap companies (market capitalization of over USD 10 bn) and mid cap companies (USD 2bn–10bn), although allocations to small cap companies (USD 100m-2bn) may be made from time to time to a minor extent. This mandate is not available for clients residing in the European Economic Area (EEA).

Custody Services are provided by Bank Vontobel AG or Pershing.

**SFA Managed Megatrends Equities (USD)**<sup>21</sup> is for clients who seek to achieve capital appreciation over the long term, with a clear investment focus on equities that are involved in one or more megatrends shaping the future and with a higher risk associated with equity markets. The majority of the mandate's asset are allocated to large cap companies in developed markets (market capitalization of over USD 10bn) and mid cap companies (USD 2bn-10bn), although allocations to small cap companies (USD 100m-2bn) or companies from developing countries can be made from time to time to a minor extent.

Custody Services are provided by Bank Vontobel AG or Pershing.

SFA Managed Megatrends (USD) is no longer open for new mandates.

## 2.4.2 Portfolio management models or building blocks

Our Managed Solution Mandates, have three principal components: (i) allocations to equity securities and/or investment fund (including ETFs) for equity exposure, (ii) allocations to bonds and/or investment funds for fixed income exposure, and (iii) allocations to Other Investments (including precious metals, liquidity, money accounts, fiduciary, and treasury bills). The equity allocation of Managed Solution Mandate strategies is derived from existing equity models which are implemented across the Managed Solution Mandates.

Each investment strategy in each Managed Solution Mandate is comprised of one or more models or building blocks which are managed by our Managed Solutions professionals. The same building blocks will be used across the Managed Solution Mandates with varying allocations depending on the Managed Solution Mandate, investment strategy and/or Mandate size.

Your Wrap Fee and the overall impact of those costs on the performance of the model portfolios will vary depending on the Program(s) you select.

The Equity, Bond and Other Investments models which are employed by Investment Management are described below. Models may be changed or added from time-to-time in our absolute discretion.

## EQUITY MODELS

<b>Switzerland equities model</b>	Seeks a balance of dividend income and long-term capital appreciation through a portfolio constructed primarily of single stocks from companies and pooled investment vehicles in Switzerland.
<b>UK equities model</b>	Seeks a balance of dividend income and long-term capital appreciation through a portfolio constructed primarily of single stocks from companies and pooled investment vehicles in the UK.
<b>Europe exUKexCH equities core model</b>	Seeks a balance of dividend income and long-term capital appreciation through a portfolio constructed primarily of single stocks from companies and pooled investment vehicles in Europe excluding the United Kingdom and Switzerland.
<b>Europe exUKexCH equities dividend</b>	Seeks capital appreciation through a portfolio constructed primarily of single stocks and pooled investment vehicles in Europe excluding UK and Switzerland that offer above

<sup>18</sup> Referred to by VSWA as "Focus Mandate All Cap Swiss Equities (CHF)" prior to Merger.

<sup>19</sup> Referred to by VSWA as "Focus Mandate Swiss/Eurozone Small & Mid Cap Equities (CHF)" prior to the Merger.

<sup>20</sup> Referred to by VSWA as "Focus Mandate Impact Opportunities (USD)" prior to Merger.

<sup>21</sup> Referred to by VSWA as "Focus Mandate Megatrends (USD)" prior to the Merger.



<b>selection model</b>	average dividend yields as well as strong and consistent dividend growth.
<b>Europe exUKexCH equities small/midcap model</b>	Seeks long-term capital appreciation through a portfolio constructed primarily of single stocks from small and mid-sized companies and pooled investment vehicles in Europe excluding the UK and Switzerland.
<b>North America equities core model</b>	Seeks a balance of income and long-term capital appreciation through a portfolio constructed primarily of single stocks from companies and pooled investment vehicles in the US and Canada.
<b>North America equities dividend selection model</b>	Seeks a balance of income and long-term capital appreciation through a portfolio constructed primarily of single stocks and pooled investment vehicles in the US and Canada that offer above average dividend yields as well as strong and consistent dividend growth.
<b>Asia Pacific developed equities model</b>	Seeks a balance of income and long-term capital appreciation through a portfolio constructed primarily of single stocks from companies in Japan and pooled investment vehicles in Australia, Hong Kong and Singapore. Country specific models for Japan or Australia, or a combination of both, can be included.
<b>Emerging market equities model</b>	Seeks a balance of dividend income and long-term capital appreciation through a portfolio constructed primarily of pooled investment vehicles in the Emerging Markets.

**BOND MODELS**

<b>Bonds USD investment grade intermediate term model</b>	Seeks long-term capital preservation and regular interest income with minimal volatility. Primarily investing in single and mid-term bonds denominated in USD from governments, supranational and corporates with an investment grade. Pooled investment vehicles can be included.
<b>Bonds USD investment grade short term model</b>	Seeks long-term capital preservation and regular interest income with minimal volatility. Primarily investing in single and short-term bonds denominated in USD from governments, supranational and corporates with an investment grade. Pooled investment vehicles can be included.
<b>Bonds Investment grade models</b>	Seek long-term capital preservation and regular interest income with minimal volatility. Primarily investing in single bonds denominated in the respective currencies from governments, supranational and corporate issuers with an investment grade. Pooled vehicles can be included. EUR GBP SEK NOK AUD CAD
<b>Bonds USD non-investment grade model</b>	Seeks a high level of current income through a portfolio constructed primarily of pooled investment vehicles. The module invests in high-yield and lower rated corporate bonds denominated in USD.

<b>Bonds USD emerging market model</b>	Seeks a high level of current income with a secondary objective of capital appreciation through a portfolio constructed primarily of pooled investment vehicles in the Emerging Markets denominated in USD. Investment can be both investment-grade and non-investment grade.
--	---

**OTHER INVESTMENT MODELS**

<b>Commodities broad model</b>	Seeks to provide exposure to commodities consumed in the global economy, primarily investing in pooled investment vehicles based on broader commodity indices including agriculture, energy, and metals. Investments in commodities are speculative and involve a high degree of risk.
<b>Commodities precious metals model</b>	Offers an efficient way to access physical precious metal products.
<b>Liquidity model</b>	Primarily invests in money accounts, USD fiduciary deposits (whether call or fix term, floating rate notes, short term bonds/notes, and investment funds or structured products. Optionally, pooled investment vehicles can be included. These fix-term-fiduciaries cannot be liquidated prior to maturity. CHF GBP SEK NOK AUD CAD YPY HKD SGD

**2.4.3 Precious Metals**

Some of our Managed Solution Mandate strategies include an asset allocation to physical precious metal products. ***The value of precious metal products cannot be used as security for a loan.*** For more information about precious metal products see section 3.11 ("Investing in precious metals") below.

**2.4.4 Monitoring and rebalancing**

Our Managed Solution Mandates employ both strategic and tactical asset allocation and financial instrument selection. Managed Solution Mandate assets are evaluated as part of a regular (on average no less than monthly) monitoring and rebalancing process.

You are not allowed to direct the rebalancing frequency or methodology or opt out of rebalancing on your account. The monitoring and rebalancing process considers:

- market movement
- your contributions
- any withdrawal requests; and/or
- strategy changes (i.e., SAA and tactical asset allocation) and instrument changes that have been directed by Investment Management.

**2.4.5 Investment restrictions**

Our Managed Solution Mandates offer you the ability to impose reasonable investment restrictions on the management of your account including restrictions as to the permissible securities, asset classes (i.e., equities, regions), currencies, sectors and/or industries, or credit ratings depending on the



Program selected. Investment restrictions are not applied on a look-through basis in the context of pooled investment vehicles.

These preferences will apply only to the account you designate and vary by type of Managed Solution Mandate or strategy. When you establish your account in a Managed Solution Mandate, we will ask you if you want to impose any investment restrictions on the management of your account. We will seek to adhere to these restrictions on a reasonable basis. However, we reserve the right to decline or terminate your Managed Solution Mandate and account if we believe the restrictions and/or instructions imposed are not reasonable or otherwise inhibit our effective management of your account in a given Managed Solution Mandate.

Accounts with investment restrictions can perform differently from accounts without restrictions and, as a result, performance can be higher or lower than like portfolios without restrictions.

To comply with your investment restrictions, we obtain and rely on information about company and industry classifications, credit ratings, and industry groupings from third parties. If changes in an industry or credit rating of a security trigger a requirement for us to sell securities in your account in order to comply with the restrictions on your account, such sale may be at an inopportune time, possibly causing a taxable event to you.

Due to corporate actions at an issuer, including, but not limited to mergers, spin-offs and other types of reorganizations, new securities may be issued and/or certain securities will no longer exist following the corporate action and we may or may not restrict the security owned following a corporate action depending on the classification of those securities by the vendor.

#### **2.4.6 Expressly requested investment instruments**

From time-to-time and in our sole discretion, you may be permitted to hold an investment instrument in your discretionary account at your explicit request. Such expressly requested investment instruments are made against our recommendations and, if permitted by us to be held in a Program account, will not be included in our regular monitoring, and will not be sold or recommended to be sold on an ongoing basis without your express direction.

Expressly requested investment instruments will not be taken into consideration for the calculation of any issuer or concentrations risk. As a result, there is a risk your account may deviate from the diversification principles otherwise applied by Investment Management. If such risk materializes, we do not have a formal process for informing you.

While we do not monitor expressly requested investment instruments, clients entering into a Managed Solution Mandate agreement with us authorize us to make elections with respect to rights arising from corporate actions (such as tender or exchange offers, subscription rights, option and conversion

rights, and redemption rights) in our discretion. As discussed in greater detail in Section 5.4 ("Voting client securities (proxy voting)") below, we do not, however, vote proxies solicited by, or with respect to, the issuers of any securities held for you in your Managed Solution Mandate.

Expressly requested investment instruments are included in your regular account statements and reporting, will be considered when managing other assets within your discretionary account, and are part of your total assets for the purposes of calculating your Wrap Fee.

Accounts with expressly requested investments can restrict our portfolio management services, can perform differently than accounts without restrictions, and, as a result, the performance of your portfolio can be higher or lower than like portfolios without restrictions.

#### **2.4.7 Portfolio risk tolerance versus target investment strategy (Vontobel SFA Custodian only)**

You may deviate from your target investment strategy only by a pre-determined level based on your Investor Profile portfolio risk tolerance. If you have invested in a Managed Solution Mandate where Vontobel SFA is the Custodian, we will notify you if the portfolio volatility caused by setting investment restrictions results in a more aggressive portfolio risk tolerance than the one you have selected for your account. Upon our notification, you are responsible for addressing any inconsistencies. For Managed Solution Mandate accounts, if you do not take action by contacting your RM to update your Investor Profile and /or modify your Program Specifications (i.e., decrease the portfolio volatility by adjusting the investment restrictions), we have the discretion to terminate your account if we believe a Vontobel SFA managed solution is not suitable for you.

#### **2.4.8 Portfolio suspension (Vontobel SFA Custody Only)**

If Vontobel SFA is your custodian, you may from time-to-time instruct us to temporarily stop managing your Managed Solution Mandate. A temporary suspension of our discretionary management services will restrict trading in your account (including regular rebalancing) which may result in losses due to an inability to react to market fluctuations and material market, economic or other developments. Vontobel SFA will continue providing all other advisory and account services during any management suspension and you will continue to incur Wrap Fee during such suspension period. We have the discretion to terminate your account in the event your account is not reactivated within a reasonable period of time.

#### **2.5 Description of our Investment Advisory Mandates**

Vontobel SFA offers two types of non-discretionary programs (collectively "Investment Advisory Mandates"):

- SFA Investment Advisory Mandates ("SFA IA Mandate")<sup>22</sup>; and
- SFA Investment Advisory Precious Metals ("SFA IA PRM")<sup>23</sup>.

<sup>22</sup> Referred to by VSWA as "Client Directed Advisory Program (CDAP)" prior to Merger

<sup>23</sup> Referred to by VSWA as "CDAP Special" prior to Merger.

We make investment recommendations in accordance with your Program Specifications. You make all investment decisions with respect to the investments of your account.

The following services are delivered to clients with an SFA IA or SFA IA PRM account:

- General portfolio allocation guidance and advice on individual investments according to your risk profile
- Advice with regard to economic outlook and tactical allocation in a broader context from Investment Management
- Annual portfolio review for IA; if you have an SFA IA Mandate, you can request a second review on an *ad hoc* basis
- Information about “sell” recommendations of invested assets.

Assets held by Vontobel SFA in Investment Advisory Mandates (including SFA IA PRM accounts) as per December 31, 2022: USD 6,115,034,676.36.

Note that the above figures: (i) represent the assets as if the Merger occurred on December 31, 2022 and (ii) correspond to all of the assets held by clients in our Investment Advisory Mandates and are not limited to our “Regulatory Assets under Management” figures as disclosed in Form ADV Part 1A, Item 5.

### 2.5.1 SFA IA

Clients opening an SFA IA Mandate after Merger, can choose whether Custody Services should be provided by us, Bank Vontobel AG, or Pershing. See Section 2.2.2 (“Custody Services”) for more information about Custody Services. For the avoidance of doubt, all Programs advised by VSWA prior to the Merger will continue to be custodied with either Bank Vontobel AG or Pershing, as applicable.

SFA IA available in the three strategies outlined below:

STRATEGY	INVESTMENT OBJECTIVES	EQUITY ALLOCATION RANGES
Fixed Income Plus. <sup>24</sup>	The objective of the Fixed Income Plus strategy is to seek to preserve the value of assets over the long-term with the returns generated primarily from current interest income and with low risk.	0%; remaining range is allocated to liquidity, fixed income securities (bonds), and Other investments. <b>Only available to client with Programs custodied with Bank Vontobel AG or Pershing.</b>
Conservative. <sup>25</sup>	The objective of the conservative strategy is to seek to preserve long term assets and to obtain recurrent income. Capital volatility is low.	0% up to 50%; remaining range is allocated to liquidity, fixed income securities (bonds), and Other Investments. <b>Available to all clients regardless of Custodian.</b>
Moderate. <sup>26</sup>	The objective of the moderate strategy is to seek to achieve long-term appreciation of capital, recurrent income, and dividend yield, supplemented by capital gains. Capital volatility is medium.	0% up to 75%; remaining range is allocated to liquidity, fixed income securities (bonds) and Other Investments. <b>Available to all clients regardless of Custodian.</b>
Aggressive. <sup>27</sup>	The objective of the aggressive strategy is to seek to achieve substantial long-term appreciation of capital. The major yield element is driven by capital gains, complemented by interest and dividends. Capital volatility is high.	0% to 100%; remaining range is allocated to liquidity, fixed income securities (bonds) and Other Investments. <b>Available to all clients regardless of Custodian.</b>

Equity and Other Investments are considered to be securities with respect to the asset allocation range as mentioned above.

**Other Investments** can include ETFs/ETNs, physical precious metals, US-registered investment funds, or other funds. Other Investments normally entail a risk profile that is similar to, or higher than, the risk associated with an equity investment.

**Target asset allocation and volatility:** You may deviate from your target investment strategy only by a pre-determined

level based on your risk tolerance. If Vontobel SFA is your Custodian, we will notify you if inconsistencies caused by asset allocation drift or portfolio volatility result in higher risk profile investment strategy than the one you have selected for your account. Once we notify you of the deviation, you are responsible for addressing any inconsistencies. For SFA IA accounts which are custodied at Vontobel SFA, if you do not take action by contacting your RM to update your Investor Profile and/or modify your Program Specifications (i.e., adjust your asset allocation or decrease the expected portfolio volatility), we have the discretion to terminate your account if we

<sup>24</sup> Referred to by VSWA as “Fixed Income” strategy and corresponds to a “Risk Averse” risk profile for VSWA Clients prior to Merger.

<sup>25</sup> Referred to by VSWA as “Conservative Strategy” and corresponds to a “Below Average” risk profile for VSWA clients prior to Merger.

<sup>26</sup> Referred to by VSWA as a “Balanced” strategy and corresponds to an “Above Average” risk profile for VSWA clients prior to Merger.

<sup>27</sup> Referred to by VSWA as a “Growth” strategy and corresponds to an “Above Average” risk profile for VSWA clients prior to Merger.

believe you are not adhering to our advice or otherwise believe SFA-IA is not suitable for you.

**Taking advice on transactions:** You may execute security transactions that we have recommended (**Advised Transactions**), as well as transactions you execute based on our negative recommendation (**Non-advised Transactions**). Non-advised Transactions are solely your responsibility and Vontobel SFA does not monitor specific instruments purchased upon our negative recommendation.

The advice and guidance from the Investment Advisory Team are key services of the IA Mandates. A pattern of Non-advised Transactions is an indicative factor in determining whether SFA IA is suitable for you as you may not be leveraging our advice. We will review such cases and we have the discretion to terminate your account if we believe you are not adhering to our advice or otherwise believe SFA IA is not suitable for you.

When holding a position after completing a Non-advised Transaction, we will take that asset into consideration:

- as part of your overall account assets
- when we give you periodic asset allocation advice
- when we value your account holdings
- when we provide you with analyses and reports on your account's performance; and
- we may, but we have no duty to, make recommendations that you consider selling the asset.

As a result, and with the exception of Vontobel shares (see below), we will include any instrument you acquire in a Non-advised Transaction as part of your account assets in calculating your Wrap Fee.

**Ineligible instruments in SFA IA:** In our sole discretion, you may be permitted to hold, but not purchase, the following assets in your SFA-IA account: leveraged ETFs, equity syndicates, new issue securities, OTC derivatives, exchange traded derivatives (**ETDs**), conditional conversion (**CoCo**) bonds, non-US registered mutual funds and ETFs, Regulation S structured products, Vontobel issued bonds, Vontobel structured products, options, and warrants. **If these assets are held in your account, we will not monitor them at the instrument-level. They will, however, be subject to our ongoing advice at the portfolio level and will therefore be included in the calculation of your Wrap Fee.**

A concentration of ineligible instruments in your SFA IA account is an indicative factor in determining whether SFA IA is suitable for you as you may not be leveraging our advice. We will review such cases and have the discretion to terminate your account if we believe you are not adhering to our advice or otherwise believe SFA IA is not suitable for you.

Additionally, on the basis of our obligations under FinSA, as a Swiss based financial service provider, we are obligated to provide you with a "Key Information Document" when advising you—among others—on the purchase of funds.

As US registered funds generally do not produce such documents or their equivalent, for regulatory reasons Vontobel SFA will not be able to advise proactively on the purchase of ETFs and mutual funds unless you decide to be classified as "professional client" on the basis of your wealth and experience.

If you wish to be advised on the purchase of ETFs and mutual funds, you can do so by entering into a Managed Solution Mandate with Vontobel SFA or by "opting-out" to a "professional client" status (see section 3.3.2 ("Client Classification under FinSA") for additional information about the client classification under the Swiss and European regulations.)

**Securities concentration:** SFA IA is not suitable for clients who want to maintain high levels of concentrated positions that will not be sold regardless of market conditions. If you continue to hold high levels of highly concentrated positions then you do so against our recommendation and with the understanding that the value of those securities is included for the purposes of calculating the Wrap Fee, resulting in a higher fee to us. If your account continues to be outside of the concentration guidelines over a specified period of time, we will continue to advise a reduction of these positions and have the discretion to terminate your account if we believe you are not adhering to our advice or otherwise believe SFA IA is not suitable for you.

**Cash and non-securities concentration:** SFA IA is not suitable for clients who want to maintain high levels of cash and/or precious metals positions. If you continue to hold high levels of cash and/or precious metals positions then you do so against our recommendation and with the understanding that the value of those securities will be included for the purposes of calculating the Wrap Fee, resulting in a higher fee to us. If your account continues to be outside of the concentration guidelines over a specified period of time, we will continue to advise a reduction of these positions and have the discretion to terminate your account if we believe you are not adhering to our advice or otherwise believe SFA IA is not suitable for you.

**Reverse churning:** You will be informed if you do not engage in any transaction in your SFA IA for an extended period of time. Even if your account remains inactive (i.e., no transactions), we will continue to charge Wrap Fee. An inactive SFA IA account is a factor in determining whether SFA IA is suitable for you as you may not be leveraging our advice. We will review such cases and have the discretion to terminate your account if we believe SFA IA is not suitable for you.

**Retention Vontobel shares:** If you deliver or purchase Vontobel shares into your SFA IA account, you direct Vontobel SFA to receive and retain those shares into your SFA IA account. We do not give advice with respect to the purchase, sale, or retention of Vontobel shares. Clients who direct us to hold Vontobel shares in their SFA IA accounts agree to accept full responsibility for the retention of such securities (including the voting of any proxies related thereto). Vontobel share positions are not included in the calculation of your Wrap Fee.

### 2.5.2 SFA IA PRM

SFA IA PRM's main objective is to help you achieve your investment objectives by providing you with advice and recommendations from the Investment Advisory Team with regard to precious metals and cash alternatives. Only clients with an aggressive client risk profile are eligible for the SFA IA PRM.

The investment universe consists of precious metals (gold, silver, platinum, and palladium) and money market funds, fiduciaries or any other approved cash alternative. Lending is not available for SFA IA PRM accounts. For more information on investing in precious metal products see section 4.10 ("Investing in precious metals") below.

Clients opening an SFA IA PRM Mandate after Merger, can choose whether Custody Services should be provided by us or Bank Vontobel AG. See Section 2.2.2 ("Custody Services") for more information about Custody Services. Notwithstanding the foregoing, if you are a resident of certain US states, you may only choose Vontobel SFA as your SFA IA PRM Custodian. See section 4.11 ("Investing in precious metals") below.

For the avoidance of doubt, all Programs advised by VSWA prior to the Merger will continue to be custodied with either Bank Vontobel AG.

### SFA IA PRM STRATEGY

### INVESTMENT OBJECTIVES

Aggressive

The objective of the aggressive SFA IA PRM strategy is to seek a potential hedge against inflation risks, currency devaluation, and meltdown scenarios with high volatility.

### 2.5.3 Transactions for IA Mandates

We will execute transactions for your IA Mandate based solely upon your instructions. Vontobel SFA will not have any discretion over the investment of your Program assets in these accounts. Due to the non-discretionary nature of these Programs, it is your responsibility to determine whether and how to implement your target asset allocation/investment strategy and to ensure that your asset allocation continues to be consistent with your investment objectives over time. Your asset allocation reflects only your assets invested in the respective SFA IA or SFA IA PRM account.

### 2.5.4 Portfolio monitoring for IA Mandates

Ongoing monitoring and guidance from the Investment Advisory Team are the key attributes of your IA Mandate. The ongoing monitoring of your portfolio by the Investment Advisor Team includes (i) annual or semi-annual portfolio reviews to monitor whether your investments and investment allocation align with your risk profile and preferences; and (ii) ongoing review of covered investments and communication of sell recommendations, where appropriate. We also provide regular performance reporting to assist you in monitoring the investments in your non-discretionary portfolio.

### 2.5.5 SFA IA annual review

The Investment Advisory Team will provide SFA IA clients with a annual advisory review addressing topics such as deviations from target asset allocation and risk tolerance, as well as, portfolio volatility (only for SFA IA Mandates where Vontobel SFA is Custodian), adherence to advice, ineligible instruments, not covered instruments, bulk single and issuer concentrations, non-securities concentrations, and trading activity. You can ask your RM for a second portfolio review on an *ad hoc* basis.

### 2.5.6 SFA IA PRM annual review

The Investment Advisory Team will provide SFA IA PRM clients with an annual portfolio review addressing topics such as adherence to suitability and program guidelines.

### 2.6 Your Wrap Fee for all Programs

The Wrap Fee is a wrap fee at the maximum annual rates listed in the fee schedules below covering the following services:

- ongoing personal investment advice and recommendations;
- investment advice in the form of regular market outlook publications from our Investment Management team;
- custody account maintenance (excluding costs associated with the delivery of securities to us and corporate actions);
- trading, execution, and settlement of securities (including primary market transactions in investment fund units);
- money market and fiduciary deposit transactions, which are intended as cash management tools;
- periodic client reporting (in electronic or paper form);
- regulatory tax reports for US and Swiss-resident clients;
- periodic meetings with and access to investment advisory personnel;
- transmittal of Form 1099 information to the IRS;
- for clients who have selected Pershing as Custodian, either IRS Form 1099 reporting on US and non-US source income, for Canadian residents, Form 1042-S, for residents in countries other than the US and Canada, a year-end Account Report in a generic (non-country-specific) format;
- for Canadian resident clients, a tailored Foreign Properties Report from Bank Vontobel AG to assist clients with gathering the necessary data to complete their personal tax return and T1135
- for clients resident in countries other than the US or Canada, a year-end Account Report in a generic (non-country-specific) format (**only available if Bank Vontobel AG is the Custodian**);
- to the extent that Pershing is your Custodian, the Swiss stamp tax;
- payment services to and from the respective Custodian (subject to a limit on the number of payment orders per quarter that will be included in the Wrap Fee, in the case either of Bank Vontobel AG or Vontobel SFA act as your Custodian); and
- deposit of checks (for Bank Vontobel AG and Vontobel SFA, only checks denominated in CHF are accepted)

- For precious metals custodied with Bank Vontobel AG, account maintenance and costs, including transportation and insurance, associated with the delivery of precious metals into the custody of Bank Vontobel AG (through delivery to the secure storage facility run by Raiffeisen, the third-largest banking group in Switzerland, who serves as a cooperation partner of Bank Vontobel AG in this respect);
- verification of the weight and fineness of physical precious metals delivered into the custody of Bank Vontobel AG at the secure storage facility run by Raiffeisen as well as the costs of insurance during such storage.

In Addition to the services listed above, participants can receive via email periodic reports on general economic conditions, industries, market data, political developments and other topics that can affect the economic outlook or general asset classes.

Your Wrap Fee will not be adjusted for: (1) low or no trading activity, or (2) if you decide not to implement or follow the investment advice we provide to you, or if you decide to forego receiving reports delivered in the Programs.

Depending on your desired services and expected trading activity, you may pay more or less to receive each of the available wrap services separately.

Fees incurred in addition to your Wrap Fee are set out in section 2.8 ("Fees and other charges not covered by your Wrap Fee").

### 2.6.1 Fee Negotiation

All of our Programs offer the flexibility to negotiate either a flat fee or a tiered (breakpoint) fee schedule. With a flat fee option, the agreed upon annual Wrap Fee is a fixed percentage of the assets in the account; that percentage does not change as the value of your account changes. With breakpoints, the negotiated fee, also a percentage of the assets, varies based on asset levels and changes as you increase or decrease assets in your account. Specific "break-points" for each asset level are defined in section 2.7 ("Fee schedule and minimums") below.

You can request to have two or more eligible Program accounts treated as related accounts to qualify for certain breakpoint discounts. If you negotiated a discount to the Wrap Fee schedule, this discount only applies to the break-point asset level (i.e., the asset level that qualifies for reduced fees). Doing so will result in a change to your Wrap Fee in the future as you increase the assets in your account and trigger the break points listed in your application.

### 2.6.2 Wrap Fee Calculation

#### Vontobel SFA as Custodian

Your Wrap Fee is calculated monthly in CHF based on the market value (i.e., the valuation of the assets in your account in CHF) of the assets under management five Swiss bank business days before month-end and covers the services performed in the 30 days prior to the fee determination date. In some cases, the Wrap Fee may be calculated on a date other than five Swiss bank business days before month end if that

date falls on a day that our third-party technology service provider does not operate its billing processes (e.g., local or regional holiday). In those cases, the Wrap Fee will be calculated on the next business day set forth in the service provider's production calendar. The market value (i.e., the valuation of the investments in your account) is provided by SIX Financial Information Ltd., Zurich, Switzerland. At the end of each quarter (March, June, September, and December), your Wrap Fees for the three months in that quarter are totalled and debited from the account in your selected Reporting Currency.

#### Bank Vontobel AG or Pershing as Custodian

The Wrap Fee is an annual fee which is paid on a quarterly basis and is calculated in CHF as a percentage of the market value (in CHF) of your total assets held in custody with the Custodian. The market value (i.e., the valuation of the assets in your account) in CHF is provided by Bank Vontobel AG, including in cases where Pershing serves as your Custodian. Bank Vontobel AG will value client positions using automatic pricing feeds from independent data providers (such as Telekurs and Bloomberg). At the end of each quarter, we will calculate at the request of the Custodian to pay the pro-rata portion of the annual Wrap Fee to us from your account. The fee is based on the average value of your assets as of the last day of the prior three months (i.e., the fee charged in March for the first quarter is calculated by the average of the portfolio value on the last day of February, January, and December).

Regardless of the Custodian providing Custody Services, if the Reporting Currency for your account (i.e., the currency in which you wish the investment performance of your account to be reported to you by us) is not CHF, then the debiting of your Wrap Fee for that account will result in a foreign-exchange transaction. Specifically, CHF will be bought against the Reporting Currency (e.g., USD or EUR) and an FX transaction fee that is not a part of the Wrap Fee will be charged. As explained in greater detail in section 2.8.1 ("Foreign exchange (FX) related costs"), these FX transaction fees represent additional revenue for Vontobel SFA and, under certain circumstances, for Vontobel SFA.

If you select Pershing as your Custodian, the Wrap Fee will be calculated in CHF, as described above, but then converted into USD at the applicable conversion rate and debited in USD, even if your Program Currency is CHF or EUR.

### 2.7 Fee schedule and minimums

We have the right in our sole discretion to grant exceptions to required account minimums set out below. We have the right to terminate your participation in a Program if the assets in your account fall below the minimum size recommended by us as described below. Under normal circumstances, we will not do so if such decrease in value is attributable to the performance of the Program.

We reserve the right, in our sole discretion, to institute special pricing features, change account minimums for new accounts, impose higher account minimums for certain strategies that may be offered from time-to-time, terminate accounts that fall below the minimum account value requirements, or require



that additional cash or securities be deposited to bring an account up to the required minimum.

### 2.7.1 Investment Advisory Mandates

All rates listed below indicate the maximum annual fee in each IA Mandate

#### SFA IA

Wrap Fees (per annum)

ASSETS UNDER MANAGEMENT (AMOUNT IN CHF)	WRAP FEE
below 2.5 million	1.35%
2.5 to < 5 million	1.30%
5 to < 10 million	1.25%
10 to < 15 million	1.20%
15 to < 25 million	1.15%
25 to < 35 million	1.10%
35 million and above	personal quote upon request
<b>Minimum investment amount: CHF 2,000,000<sup>28</sup></b>	

#### SFA IA PRM

Wrap Fees (per annum)

ASSETS UNDER MANAGEMENT (AMOUNT IN CHF)	WRAP FEE
One fee regardless of assets under management	0.50%
<b>Minimum investment amount: CHF 1,000,000</b>	

### 2.7.2 Managed Solution Mandates

For services provided under Managed Solution Mandates, we are compensated on the basis of a Wrap Fee calculated as a percentage of assets under management. The Wrap Fee is not only dependent on the amount of assets under management, but also the selected investment strategy. As a result, we earn more when your Managed Solution Mandate assets increase and when you select a more aggressive investment strategy with a higher fee and we and our financial professionals are incentivized to take actions that may result in increased compensation for Vontobel SFA at the expense of the investor. We have mitigated these conflicts by adopting a code of ethics that requires each financial professional to act in your best interest at all times in his or her professional interactions with you, by instituting training and affirmation programs on our Code of Ethics that are mandatory for all employees and by disclosing these conflicts to you. See also section 7.4 ("Conflicts of interest in regard to compensation of our financial professionals") for a description of conflicts of interest in regard to compensation of our financial professionals and how we have mitigated the conflicts discussed in this section. See also section 7.5 ("Code of ethics, participation or interest in client transactions, and personal trading").

## Multi-Asset Class & Custom Managed Mandates

SFA Portfolio Management Global\*

SFA Portfolio Management International\*

SFA Portfolio Management Choice\*

Managed Fund Portfolio\*\*

Portfolio Strategy International\*\*

Wrap Fees (per annum)

INVESTMENT STRATEGY	FIXED INCOME	INCOME	YIELD	BALANCED	GROWTH	EQUITY
Assets in CHF						
below 2.5 million	1.10%	1.20%	1.30%	1.40%	1.55%	1.65%
2.5 to < 5 million	1.05%	1.15%	1.25%	1.35%	1.50%	1.60%
5 to < 10 million	0.95%	1.05%	1.15%	1.25%	1.40%	1.50%
10 to < 15 million	0.85%	0.95%	1.05%	1.15%	1.30%	1.40%
15 to < 25 million	0.80%	0.90%	1.00%	1.10%	1.25%	1.35%
25 to < 35 million	0.70%	0.80%	0.90%	1.00%	1.15%	1.25%
35 million and above	personal quote upon request					

\* Minimum investment amount: CHF 1,000,000

\*\* Minimum investment amount: CHF 500,000

<sup>28</sup> As of May 1, 2023.





## Single Asset Class Managed Mandates

**SFA Managed Eurozone Equities**  
**SFA Managed Swiss/Eurozone Small & Mid Cap Equities**  
**SFA Managed Swiss Equities**  
**SFA Portfolio Management European Trade Opportunities**  
**SFA Portfolio Management Asian Opportunities**  
**SFA Managed Impact Opportunities Equities**  
**SFA Managed Megatrends Equities**  
 Wrap Fees (per annum)

INVESTMENT STRATEGY	EQUITY
Assets in CHF	
below 2.5 million	1.65%
2.5 to < 5 million	1.60%
5 to < 10 million	1.50%
10 to < 15 million	1.40%
15 to < 25 million	1.35%
25 to < 35 million	1.25%
35 million and above	personal quote upon request
<b>Minimum investment amount: CHF 500,000</b>	

### 2.8 Fees and other charges not covered by your Wrap Fees

You will pay other fees in addition to the Wrap Fee, some of which add to the compensation that we receive. Wrap Fees will not be reduced or offset by these charges. Instead, **these additional charges will reduce the overall return of your account.**

Our Wrap Fees do **not** include:

- specialized transaction-related charges, such as transfer taxes, and fees we charge to customers to offset fees we pay to exchanges and/or regulatory agencies on certain transactions
- for precious metals custody, transaction-related fees associated with procurement, custody, delivery and conversion of precious metal products imposed by executing brokers, custodians or sub-custodians;
- costs charged by us and executing brokers in connection with FX transactions (See section 2.8.1 (“Foreign exchange (FX) related costs”))
- costs charged by us and by the executing bank in connection with precious metals transactions (See section 2.8.2 (“Precious metals”))
- costs related to trading in and holding foreign securities (other than commissions otherwise payable to us);
- revenue earned by Bank Vontobel AG and by us in connection with lending transactions executed on your behalf (See section 2.11.1 (“Loans”)) and interest charges on any outstanding loan balances (including margin loans);
- the delivery of securities from Bank Vontobel AG will incur a supplementary service fee (third-party fees excluded) as well as the physical delivery of precious metals from Bank Vontobel AG that is outside of the Wrap Fee;
- The production at the request of the client of a tax statement for a country other than the US or, in the case of Canadian resident clients, Canada (e.g., a Swiss, UK, or German tax statement) and that use of Bank Vontobel AG’s tax reclaim services, for each country that has

entered into a double taxation treaty with the US (or Canada), will also incur a separate fee by the Custodian.

Additionally, you will also be charged additional fees for specific account services, such as:

- securities transfer fee
- wire transfer charges
- fees related to custody and transactions in physical securities; and
- certain payment services as specified in the table below.

#### 2.8.1 Foreign exchange (FX) related costs

We buy/sell a currency on your behalf (i) when we execute an FX spot transaction for your account; (ii) when an instrument is purchased or sold for your account (e.g., equity, fiduciary deposit) and your account is denominated in a different currency than the instrument being purchased or sold; and (iii) if your reporting currency is not CHF, each time we debit your Wrap Fee from your account, as explained in section 2.6 (“Your Wrap Fee for all Programs”) under “Wrap Fee Calculation” (collectively, **FX Transactions**).

#### Vontobel SFA as Custodian

If you have an account where Vontobel SFA provides Custodian Services, FX transactions can be executed UBS AG, Bank Vontobel AG, or any other foreign exchange party (**FX Counterparty**). When we buy/sell a currency on your behalf, we do so either at the so-called “system rate” or the Vontobel SFA rate, depending on the size of the transaction, among other factors.

The system rate is an Interbank rate that is typically adjusted multiple times during the day. We generally buy/sell a currency on your behalf at the system rate when the order is relatively small (e.g., less than USD100,000) and can be bundled with other small orders. Because of the periodic updating of the system rate, it can be higher or lower than the market rate at the point of execution. The system rate does not include any spread charged by FX-Counterparty.

The FX Counterparty may charge a proprietary rate that is generally used for larger currency transactions. Because the FX-Counterparty must lock in the offered rate while the transaction is being executed, the FX-Counterparty is exposed to currency risk when executing a currency transaction. The FX Counterparty rate reflects a spread charged by the FX-Counterparty.

In addition, the FX Counterparty will charge an FX transaction fee for each FX transaction (see below). Depending on the type of FX transaction, and whether Vontobel SFA is the Custodian, the FX transaction fee may be negotiated by you at account opening or prior to an FX transaction, and we will agree to the fee to be applied in our sole discretion. You should be aware that the fee applied by us for FX transactions that we execute on your behalf may be more or less favorable to you than those from an unaffiliated third party.

#### **Bank Vontobel AG as Custodian**

Clients who select Bank Vontobel AG as Custodian who have not selected CHF as the Program Currency will engage in an FX transaction (CHF against the Program Currency) each time the Wrap Fee is debited, since the Wrap Fee is calculated and must be paid in CHF, and will bear a margin spread charged by Bank Vontobel AG as Custodian in addition to the Wrap Fee and that represents an additional revenue for our affiliate Bank Vontobel AG.

***The entity providing Custody Services earns additional revenues from FX transactions executed on your behalf, which leads to a conflict of interest. The more FX transactions we execute on your behalf, the more revenues we, or our affiliate, Bank Vontobel AG, will earn. This leads to a conflict of interest because there is an incentive for us to make recommendations resulting in FX transactions, even if such FX transactions are not in your best interest. The conflict is even greater when we exercise discretion over your account.*** We have mitigated these conflicts by adopting a code of ethics that requires each financial professional to act in your best interest at all times in his or her professional interactions with you, by instituting training programs on our code of ethics that are mandatory for all employees and by disclosing these conflicts to you.

See also section 2.12.2 ("Conflicts of interest in regard to compensation of our financial professionals") for a description of conflicts of interest in regard to compensation of our financial professionals and how we have mitigated the conflicts discussed in this section

Additionally, in case of time differences between the trade and the settlement date of an FX transaction, you will be exposed to a currency risk for this period.

#### **2.8.2 Precious metals**

We buy and sell precious metals products on your behalf. See section 3.11 ("Investing in Precious Metals").

In addition to the spot rate charged by the respective executing brokers, the entity providing Custody Services charges a precious metals fee (see below). If Vontobel SFA is providing Custody Services, then the precious metals fee may be negotiated by you at account opening or prior to a precious metals transaction, and we will agree to the fee to be applied in our sole discretion. You should be aware that the fee applied by us for precious metal transactions that we execute on your behalf may be more or less favorable to you than those from an unaffiliated third party.

Purchases and sales of metals held in physical form with Bank Vontobel AG as Custodian include a margin charged by Bank Vontobel AG for its services related to the transaction. In addition, Bank Vontobel AG charges a third-party handling fee (bar surcharge for manufacturing, transportation, and insurance costs) on purchases of physical precious metals.

Additionally, production costs, conversion costs and delivery costs payable to the executing bank and VAT are not included in your Wrap Fee.

***We and Bank Vontobel AG—depending on which entity is providing Custody Services—earn additional revenue from each precious metal transaction executed on your behalf, which leads to a conflict of interest. The more precious metal transactions we execute on your behalf, the more revenues we will earn. Because there is an incentive for us to make recommendations resulting in precious metal transactions, even if such precious metal transactions are not in your best interest. The conflict is even greater when we exercise discretion over your account.*** We have mitigated these conflicts by adopting a code of ethics that requires each financial professional to act in your best interest at all times in his or her professional interactions with you, by instituting training programs on our code of ethics that are mandatory for all employees, and by disclosing these conflicts to you.

See also Section 2.12.2 ("Conflicts of interest in regard to compensation of our financial professionals") for a description of conflicts of interest in regard to compensation of our financial professionals and how we have mitigated the conflicts discussed in this section.

### 2.8.3 Supplementary Services Fee Schedule

Your Wrap Fee does **not** cover the supplementary service fees outlined below. The supplementary services fees are **borne by you** and are charged separately, in addition to the Wrap Fee.

SERVICE	SUPPLEMENTARY SERVICES FEE (Fees may differ depending on entity providing Custody Services)	
Delivery of securities <i>to</i> Vontobel SFA	Free of charge	
Delivery of securities <i>from</i> Vontobel SFA	CHF 200 per security (third party fees not included)	
Delivery of securities <i>from</i> Pershing	USD 10 per security (third party fees not included)	
Payment services to a payee in Switzerland	<b>Vontobel SFA</b> CHF35 per payment order <b>Bank Vontobel AG</b> CHF 15 per order (12 for free per annum) <b>Pershing</b> Waived	
Payment services to a payee outside of Switzerland	<b>Vontobel SFA</b> CHF 60 per payment order plus fees charged by financial institutions outside of Switzerland <b>Bank Vontobel AG</b> CHF 75 per order (6 for free per annum) <b>Pershing</b> Waived	
US detailed tax statements See section 3.2 (under the sub-section “US tax reporting”) for tax-related statements that are covered by the Wrap Fee	<b>Vontobel SFA</b> CHF 350 for annual detailed tax statement. CHF 100 for each additional quarter or semi-annual detail tax statement or reporting <b>Bank Vontobel AG</b> Not available <b>Pershing</b> Does not provide tax statements for countries other than the US	
Tax reclaim services	<b>Vontobel SFA</b> CHF 500 per country per tax year <b>Bank Vontobel AG</b> 9% of the reclaimable amount, min CHF 250, max CHF 750 plus third party expenses <b>Pershing</b> Does not provide tax reclaim services	
Physical delivery of precious metals <i>from</i> Vontobel SFA	CHF 250 per position (fees for insurance and shipping are not included)	
Production costs of precious metal positions held in collective custody	Production costs vary depending upon the type of metal, the form (i.e., coins, ounce bars), the size of the amount to be produced, and the market rate for the precious metal.	
Precious Metals fee+ Until April 30, 2023, maximum 1.5%	<b>Transaction size (CHF)</b>	<b>Bars, Plates, Coins (%)</b>
As of May 1, 2023	CHF ≤ 50,000	1.20 %
	CHF 50,000.01 – 100,000	1.00 %
	CHF 100,000.01 – 250,000	0.80 %
	CHF 250,000.01 – 500,000	0.35 %
	CHF 500,000.01 – 1,000,000	0.20 %
	CHF 1,000,000.01 – 3,000,000	0.12 %
	CHF > 3,000,000	0.06 %

<b>Custodian Foreign Exchange transaction fee</b> <b>Vontobel SFA and Bank Vontobel</b> <b>Until April 30, 2023, maximum 1.5%</b> As of May 1, 2023	<b>Transaction size (CHF)</b>	<b>All currencies</b>
	CHF ≤ 50,000	1.20 %
	CHF 50,000.01 – 100,000	1.00 %
	CHF 100,000.01 – 250,000	0.80 %
	CHF 250,000.01 – 500,000	0.35 %
	CHF 500,000.01 -1,000,000	0.20 %
	CHF > 1,000,000	0.12 %
<b>Pershing Advisory Solutions LLC</b>	<b>Transaction size (CHF)</b>	<b>All currencies</b>
	CHF ≤ 100,000	0.30 %
	CHF 100,001 – 250,000	0.25 %
	CHF 250,001 – 500,000	0.20 %
	CHF 500,001 – 1,000,000	0.15 %
	CHF > 1,000,000	0.12 %

+ When Vontobel SFA provides Custody Services, the rates represent the maximum rate. They may be negotiated by you, subject to our agreement in our sole discretion.

Fees not outlined above can arise in the course of transactions. We reserve the right to change the fees for supplementary services at any time in our sole discretion, upon notice to you.

## 2.9 Transaction-related taxes, stamp duties, and exchange fees

Your Wrap Fee does not cover third-party fees and duties, which are **borne by you** and are charged separately. Such fees and duties can come in many forms, but are most commonly assessed as a stamp duty, exchange fee, transactional tax, or withholding tax. A complete breakdown of such charges is included in the individual transaction advice. The descriptions below are for informational purposes only and additional fees may arise.

Switzerland levies a **Swiss stamp duty** on buy and sell transactions for a consideration of certain domestic securities or similar foreign instruments if a Swiss securities dealer is involved as a party or intermediary. The duty ranges from 0.00% to 0.150%. Additionally, Switzerland applies VAT to certain banking services for Swiss and Liechtenstein transactions.

**Transaction taxes, stamp duties, exchange fees and others** are also primarily assessed on the purchase and sale of investments from applicable countries/markets/exchanges. Rather than applying to the market of trade, they normally apply to the market of investment (e.g., Italian Financial Transaction Tax applies to transfer of Italian shares, Spanish Financial Transaction Tax applies to transfer of Spanish shares, UK stamp tax on UK securities purchase transactions, SEC fees on US sell transactions).

**Withholding taxes** are assessed based on the market of investment and are commonly applied to income payments such as dividends and interest, rather than transfers. Rates vary depending on the jurisdiction and some of this tax can be reclaimable depending on the terms of the tax treaty between the client's country of residence and country of investment.

## 2.10 Fees and expenses with regard to funds

You should be aware that fund shares can be purchased directly without being invested in one of our Programs or using our services.

### 2.10.1 Fund share class selection; distribution and related fees received by Vontobel SFA's affiliates

Because we sell a limited number of mutual funds, we do not typically have access to lower share classes which offer lower costs. Information about the mutual funds and share classes, including their investment policies, restrictions, charges, and expenses, is contained in the mutual funds' prospectuses and available by contacting your RM. We have the discretion to establish and change in our sole discretion at any time the different investment minimums and/or other requirements that will apply to the availability of mutual fund and share classes for an account based upon a variety of factors, including a client's overall relationship with us, type of account, legal or regulatory restrictions, or any other factors relevant to the relationship.

Although we do not serve as an investment adviser, principal underwriter, transfer agent, custodian, administrator or other service provider of any fund in which client assets are invested, an affiliate of ours may earn fees for providing services (such as investment advisory, distribution, transfer agency, administration or custody services) to funds in which we may invest your assets within a Program. These service arrangements and the fees paid by the funds for the services provided are disclosed in the respective fund's prospectus. We do not directly or indirectly receive any portion of these fees.

We may invest your assets in funds that are sponsored or managed by Vontobel Asset Management Inc. or one of its affiliates (i.e. in Vontobel "proprietary" funds), and in such cases Vontobel Asset Management Inc. or one of its affiliates may receive management or other fees for services they provide to such funds. For more information on Vontobel proprietary

funds, see section 3.10.5 (“Recommendation of affiliated/proprietary securities and investments”).

**2.10.2 Distribution fees received by Vontobel SFA**  
***Treatment of 12b-1 fees: all Program clients receive a credit of all 12b-1 related fees as well as any other related fees received by Vontobel SFA. This credit effectively eliminates the conflicts described in this section 2.10.2.***

We make available mutual fund share classes on our platform at our sole discretion. We will normally make available on our platform, to the extent permitted by law, a share class of a mutual fund that pays additional compensation to its distributors, including fees, for providing services (such as investment advisory, administration, transfer agency, distribution, and shareholder services) to the mutual fund. Vontobel SFA receives a part of such compensation through our distribution chain. The additional compensation that we receive normally varies depending on the mutual fund and share class made available, and may be from the fund, the sponsor or the adviser to the extent permitted by applicable law. Although the additional compensation that we receive (and corresponding expense to a client) can vary by mutual fund, share class, and paying distributor, any such fees (and corresponding expense) are generally between 0.00% and 3.00% of the amount invested in the relevant ETF or mutual fund.

**2.10.3 Total expense ratio**

You can invest in funds (i.e., mutual funds shares or in shares of ETFs) within your Program. In such a case, you will, in addition to the Wrap Fee charged by us, also incur fees charged by the respective fund company (i.e., management fee, administration fee, performance fee) based on the net asset value (**NAV**) of the particular instrument. These fees will decrease your returns. Depending on the investment instrument, such management fees and other fund expenses are generally between 0.00% and 3.00% of the amount you have invested in the relevant ETF or mutual fund. ***A breakdown of the total expense ratio of funds is shown below the detailed position descriptions on your asset statement.*** We do not benefit from these fees and expenses which are charged at the fund level; however, we may invest your assets in funds that are sponsored or managed by Vontobel Asset Management Inc. or one of its affiliates (i.e., in Vontobel “proprietary” funds) and in such cases Vontobel Asset Management Inc. or one of its affiliates may receive management or other fees for services they provide to such funds. For more information on Vontobel proprietary funds, see section 2.10.5 (“Recommendation of affiliated/proprietary securities and investments”).

**2.10.4 Redemption fees for active trading**

Some mutual funds charge redemption fees if shares are sold within a certain period of time after they are purchased, also known as active trading. These fees can also apply to the redemption portion of an exchange transaction if shares are exchanged among funds (whether through direct exchanges or through sales and new purchases) in the same family of funds more frequently than is permitted by each fund’s prospectus. The amount charged as a redemption fee, the length of time you must hold your shares to avoid a redemption fee, and the number and frequency of exchanges among funds you may make without paying a redemption fee vary from one mutual fund to another. This information is included in each fund’s

prospectus. If you have questions about whether a redemption fee will apply to a transaction you wish to make, please ask your RM for a prospectus for the applicable mutual fund. If charged, you are responsible for the payment of redemption fees, which are in addition to your Wrap Fee.

***Your Wrap Fee does not cover redemption fees/penalties which are borne by you and are generally charged separately.*** Vontobel SFA does not receive any front-end or contingent deferred sales loads with respect to your investments in mutual funds.

**2.10.5 Recommendation of affiliated / proprietary securities and investments**

We may, after a review of your investment needs and available options, recommend, or in our Managed Solution Mandates select or purchase on your behalf, affiliated/proprietary money managers or securities. Recommending or selecting proprietary or affiliated products and managers raises a conflict of interest, because retaining those entities or purchasing those securities will result in increased compensation to Vontobel and/or a Vontobel affiliate. If you or we select funds, products or other investment vehicles that are managed or sponsored by us or our affiliates, the management fees will be payable to either Vontobel or the affiliated entities. Your Program account’s actual investment return will be reduced by those fees, plus any related expenses and the Wrap Fees. Please review the applicable prospectus and offering documents carefully for a detailed description of the additional fees associated with these securities.

We address the conflicts of interest presented by the recommendation of affiliated managers and application of different research standards by disclosing our practices to you to ensure you make fully informed decisions in your selection of investment strategies.

**2.11 Revenue sharing arrangements with Bank Vontobel AG**

The types of transactions or arrangements outlined in this section present a conflict between your interest and our interests, in that they provide us a direct or indirect financial or other incentive to recommend or effect a transaction when it may not be in your best interests to do so. We have mitigated these conflicts by adopting a code of ethics that requires each financial professional to act in your best interest at all times in his or her professional interactions with you, by instituting training and affirmation programs on our Code of Ethics that are mandatory for all employees and by disclosing these conflicts to you. See section 7.4 (“Code of ethics, participation or interest in client transactions, and personal trading”).

Any compensation received by us as a result of the arrangement or investments made by you in the products discussed below is in addition to your Wrap Fee and is paid directly or indirectly to us by you. ***This additional compensation is not applied to reduce or offset any Wrap Fee or other fees paid by you.***

All of our Programs offer the flexibility to negotiate the compensation described below which is received by us.



### 2.11.1 Loans

From time-to-time, and subject to restrictions imposed by applicable laws and regulations, you may request lending assistance from Bank Vontobel AG in the form of a **Lombard Loan** (purpose or non-purpose) or mortgage. You must meet certain eligibility requirements and you will be required to execute separate agreements with us and with Bank Vontobel AG. Bank Vontobel AG would act as a lender to you and would charge interest on the loans it extends to you.

The interest rate charged in connection with a loan from Bank Vontobel AG includes a margin charged by Bank Vontobel AG and may be higher than that charged by other lenders. Bank Vontobel AG pays to us a servicing fee in connection with your loan in an amount equal to 25% of the margin charged to you by Bank Vontobel AG. The interest rate charged is the market rate and will fluctuate from time-to-time.

You are not required to use Bank Vontobel AG as lender, and the terms of loans offered by Bank Vontobel AG will be more or less favorable to you than those that may be obtained from an unaffiliated third-party lender.

**Margin Stock Loan (or purpose loan):** The value of loans to US residents or citizens for the purpose of investing in “margin stock” (as defined below), where such loans are directly or indirectly secured by margin stock, cannot exceed the loan value of the collateral, as prescribed under regulations promulgated by the Board of Governors of the Federal Reserve System. Margin stock includes most equity security registered on a U.S. national securities exchange, debt security convertible into such securities and shares of most US mutual funds, among other instruments.

**Non-purpose loan (or credit line):** You may also apply to borrow money from our affiliate Bank Vontobel AG using eligible assets in your Program account as collateral. The proceeds of this loan cannot be used to purchase US securities.

You are responsible for independently evaluating if the loan is appropriate for your needs, if the lending terms are acceptable, and whether the loan will have potential adverse tax or other consequences to you. Your decision whether to arrange a loan or draw down on your loan and how you use your loan proceeds is not encompassed within our advisory relationship. The lending relationship is governed exclusively by the non-purpose loan agreement between you and Bank Vontobel AG.

Notwithstanding the service fee we receive from Bank Vontobel AG referenced above, we are compensated primarily through Wrap Fees paid on your account. Therefore, we benefit if you draw down on your non-purpose loan to meet liquidity needs rather than sell securities or other investments in your Program account, which would reduce our Wrap Fee. A draw down of your non-purpose loan would preserve the Wrap Fee received by us and would generate additional loan-related compensation to us. This presents a conflict of interest for us when addressing your needs for liquidity. We mitigate this conflict by training and supervising our RMs to ensure they are providing investment advice which is in your best interest.

**Margin:** Using margin in a Program account, or using advisory assets as collateral for margin used in another account, is a more aggressive, higher risk approach to pursuing your investment objectives. Before you decide to use margin in your account or to use such assets as collateral, you must carefully consider:

- whether you can afford, and want, to assume the additional risks that losses in your account will be significantly greater than if you decide not to invest with borrowed funds (i.e., not to use leverage);
- that the use of leverage will increase your costs of investing, as well as your risks, and depending upon the return achieved through the use of margin, will make your investment objectives more difficult to realize; and
- you will pay Bank Vontobel AG interest on the outstanding loan balance, and since your Wrap Fee is calculated as a percentage of your assets under management, the use of margin to purchase securities in a Program account generally increases the amount of (but not the percentage of) the Wrap Fee that you pay.

**The decision to use leverage in a Program account or use those assets as collateral rests with you and should only be made if you understand:**

- the risks of margin borrowing and the impact of the use of borrowed funds on a managed account
- how the use of margin can affect your ability to achieve investment objectives
- **that you can lose more than your original investment**
- that a positive or negative performance of a margined Program account, net of interest charges and other account fees, will be magnified by virtue of using borrowed money. As a result, gains or losses in leveraged Program accounts will be greater than would be the case with unleveraged Program accounts; and
- **you will not benefit from using margin in your Program account if the performance of your account does not exceed the interest expense being charged on the loan plus the additional Wrap Fees incurred by your account as a result of the deposit of the loan proceeds.**

**Defaults:** Lombard Loans are full recourse demand loans and you will need to deposit additional cash or collateral or repay part or all of the loan if the value of the portfolio declines below the required loan-to-value ratio. Bank Vontobel AG can demand repayment at any time. You are personally responsible for repaying the margin loan in full, even if the value of the collateral is insufficient. Failure to promptly meet a request for additional collateral or repayment or other circumstances (e.g., a rapidly declining market) could cause us or our affiliate, at our discretion, to liquidate or instruct us to liquidate some or all of the collateral account or accounts to meet the Lombard loan requirements. It is possible that neither you nor your RM will be provided advanced notice of a liquidation of securities that you have pledged as collateral. Furthermore, neither you nor your RM may be entitled to choose the securities to be liquidated. Depending on market circumstances, the prices obtained for the securities can be less than favorable. Any required liquidations will disrupt your long-term investment strategies and could result in adverse tax

consequences. We and our affiliates do not provide legal or tax advice. You should consult your legal and tax advisors regarding the legal and tax implications of Lombard loan borrowing and using securities as collateral for a loan.

The value of ***precious metals products cannot be used as security for a loan***. For more information on precious metals, see section 3.11 (“Investing in precious metals”) below.

Neither Vontobel SFA, Bank Vontobel AG, nor our representatives will act as investment adviser to you with respect to the liquidation of securities held in your Program account to meet a margin or purpose loan call or credit line loan demand. Because our affiliate, Bank Vontobel AG, acts as creditor, we and our affiliate may have interests that are adverse to you. Bank Vontobel AG has the right to protect its own commercial interests and take actions that adversely affect the management of your Program account and related performance.

There are substantial risks associated with the use of borrowed funds for investment purpose and securities as collateral for a loan.

***Information for clients using banking services such as mortgages, securities-based loans and/or other products with other Vontobel entities:*** As part of your relationship with Vontobel SFA, you may have certain products, such as mortgages or securities-based loans (also known as Lombard loans), that have been provided by other Vontobel entities, primarily Bank Vontobel AG.

## 2.12 Compensation

### 2.12.1 Conflict of interest in regard to compensation

We maintain investment policies reflecting a variety of factors used in assessing investment opportunities and making recommendations to you. These factors do not include, and we do not consider, the nature or amount of compensation to be received by us, or any financial or other interest held by, us or any affiliate in connection with any recommended transaction.

### 2.12.2 Conflict of interest in regard to compensation of our financial professionals

Our financial professionals receive an annual fixed salary. In addition, they are eligible to receive an annual discretionary compensation award. This Vontobel SFA incentive compensation plan is operated in Vontobel SFA’s sole and absolute discretion and may be amended or discontinued at any time. Eligibility and potential pay-out for the annual discretionary compensation award is calculated by taking into account a variety of factors, such as an employee’s performance, Vontobel SFA’s overall performance and the revenues of Vontobel Group as a whole.

While the annual discretionary compensation award is not determined on the basis of the amount of net new money or return on investments, some factors have historically, and may in the future, incentivize a financial professional to take actions that would benefit the adviser at the expense of the investor, for example, by encouraging a client to increase the assets in his or her accounts with us when it is not in the client’s best interest to do so, or to make investments with a higher risk-return profile than would be warranted if the

investment opportunity were being assessed solely from the perspective of the client’s best interest. We have mitigated these conflicts by adopting a code of ethics that requires each financial professional to act in your best interest at all times in his or her professional interactions with you, by instituting training and affirmation programs on our Code of Ethics that are mandatory for all employees and by disclosing these conflicts to you. See section 8.5 (“Code of ethics, participation or interest in client transactions, and personal trading”).

## 3 Account requirements and types of clients

### 3.1 Types of clients

We serve natural persons who are subject to US federal income tax, i.e., US citizens, US permanent residents (green card holders), and persons who meet the “substantial presence” test. In addition to natural persons, we serve clients that are US trusts, estates, charitable organizations, and business entities such as corporations, limited partnerships, as well as limited liability companies. We do not serve, nor do we provide investment advice to pension plans or profit-sharing plans.

On a limited basis, we serve so-called offshore clients, i.e., non-US trusts, non-US foundations, non-US partnerships, non-operating non-US companies and non-US insurance companies where the ultimate beneficial owner(s), policy holder and/or beneficiary is/are a natural person(s) who is/are subject to US federal income tax as described above. Additionally, we can service non-US resident clients who are not subject to US tax but seek investment advice while they are physically present in the US.

### 3.2 Account requirements

We reserve the right, in our sole discretion, to change account minimums for new accounts, for certain strategies or strategies that are offered from time-to-time, to terminate accounts that fall below certain thresholds that impact the management or servicing of your account or require that additional monies or securities be deposited in the account in order to remain in the Program.

### 3.3 Video Identification through Vontobel Access app

When entering into a business relationship with Vontobel SFA, you may decide to follow the identification process via video using the Vontobel Access app.

The Vontobel Access app is an application of Bank Vontobel AG. Using it for identification purposes involves the processing of your personal data by Bank Vontobel AG and its subsequent transmission to Vontobel SFA.

By using the Vontobel Access app, you understand that Bank Vontobel AG will process the personal data you are making available as part of the identification process, and that this data will be transmitted to us.

The use of the Vontobel Access app may not be available to you depending on the country where you reside and/or the passport you hold.



### 3.4 Verbal instruction after execution of a Program agreement

You may decide to take advantage of new services and account features in the future without signing additional documents or agreements. When that happens, we will confirm your instructions in writing and provide any relevant agreements and disclosures you have not already received. For certain account services, you will be required to sign additional documents and agreements. All of the agreements and disclosures we send you are considered part of the Program agreement.

### 3.5 Confirmation of your account record

After a new account is opened or whenever your investment strategy or risk profile is updated, we confirm the changes to you in writing in order to verify that our records and our understanding of your investment objectives and risk tolerance for the assets in that account are correct. Please review those materials carefully and report any discrepancies to your RM as soon as possible, **but in no event later than 30 business days**.

Updates to existing investment objectives and risk tolerance at both the client level and the individual Program level are confirmed to you by means of your asset statements. Information for new accounts is confirmed and sent promptly after account acceptance. It is your responsibility to inform us of any material changes in your investment objectives, financial condition or other changes that could affect how recommendations are chosen for you.

You are responsible for providing us with your current address. If we are unable to contact you by mail, we will be required to terminate your Program account. Upon termination, the assets will continue to be invested in the existing positions when permissible given the nature of the securities. If we are not given instructions, any securities positions will be liquidated at our discretion.

### 3.6 Outsourcing of operations and services

We outsource operations and services to Vontobel group entities and third parties within Switzerland and abroad.

In particular tax reporting, the administration of securities and other financial instruments, transactions and payment processing, compliance, data retention, IT (information and data processing, as well as computer software maintenance and development), risk management, master data management and accounting (financial accounting and controlling), marketing services, the internal money laundering office, and other back- and middle-office activities are out-sourced in whole or in part.

Outsourcing requires the transfer of data to affiliated or third party service providers, and third-party service providers can involve other third party service providers.

We are required to share your personal information with companies that we engage to perform services, which requires the transfer of your data cross-border. Specifically, the production of tax reports requires transfer of client data to a third party vendor in the US.

### 3.7 Data protection and banking secrecy

We are obliged by law to treat data related to our business relationship with you (Client Data) as confidential. You have authorized us to disclose Client Data to our affiliated “Group” entities within Switzerland for business purposes. This applies in particular for the benefit of holistic and efficient services provided to you, as well as information on product offering across Group entities. We ensure that recipients of Client Data are bound by applicable confidentiality and data protection obligations.

#### 3.7.1 Transactions and services requiring disclosure of Client Data

In the context of transactions and Custody Services, each of Vontobel SFA and Bank Vontobel AG performs for you (e.g., payments, securities, foreign exchange, custody services), in particular if they have a foreign connection, we are from time-to-time required by applicable laws, self-regulations, market practices and conditions of issuers, providers and other parties we depend on for the performance of such transactions and services, to disclose data related to the transaction or service, our clients and related persons (e.g., beneficial owner).

Not all recipients of the data are bound by either Swiss banking secrecy, or by Swiss data protection laws, and their use of the data is not controlled by us. We are not required to perform such transactions and services if you withdraw or refuse consent or cooperation.

Providers of financial investment instruments (e.g., issuers of structured products, investment companies, limited partnerships) whether they are Vontobel SFA affiliates or not, require us from time-to-time to disclose your personal information. If applicable law allows for it, we require such providers to undertake to limit their use of the information only to the purposes for which it was provided and to sign an appropriate confidentiality agreement. We are authorized to disclose to Bank Vontobel AG your name and account number to process cash transfers.

In the event of a transaction, e.g., wire transfer or transfer of securities out of Vontobel SFA, anti-money laundering rules require Vontobel SFA to disclose to the transferee (and therefore to the transferee's financial institution) your name, domicile address and portfolio number.

The US Securities and Exchange Commission (SEC) adopted Rule 22c-2 under the Investment Company Act to help address abuses associated with short-term trading of SEC registered open-end mutual fund shares. Rule 22c-2 requires most funds to enter into written agreements with financial intermediaries who hold fund shares on behalf of their clients. Under such shareholder information agreements, the financial intermediaries must consent to provide the funds upon request with certain client identity and transaction information. You hereby authorize Vontobel SFA to disclose all information required under Rule 22c-2 to the funds or to any intermediary between Vontobel SFA and the funds, such as SIX SIS AG. Such information includes, but is not limited to, your name, address, TIN, the number of fund shares held and dates of

transactions therein (purchases, redemptions, transfers and exchanges).

### 3.7.2 Data sharing notification

It is our aim to deliver best quality services to our clients and to enable them to benefit from our capabilities and resources as a global financial services firm. We therefore use Vontobel employees and contractors on a global basis in connection with the services we provide to you. Accordingly, we need to share your business information, including, but not limited to, client details, transaction information and credit data, globally within Vontobel group and with selected third parties. This enables us to provide high quality advice and efficient execution and support to you, as well as information about financial services and products from us and third parties, which we believe are of interest to you.

We are also continuously striving to further enhance our quality standards, efficiency levels and cost effectiveness. Therefore, we outsource a range of services, including specific operational business and knowledge processes and training, as well as the development and support for existing and new IT applications. The services are performed by specialized service providers located in various countries. Within the outsourcing arrangements, the service providers generally need to have access to parts of our global databases and consequently to your business information, to allow them to fulfil their contractually agreed tasks. We remain fully committed to ensuring the confidentiality and security of your business information. Accordingly, any arrangements with service providers are made after a lengthy and in-depth assessment process in which we verify the suitability of the service provider and ensure that stringent confidentiality and security obligations are agreed to and that all necessary regulatory consents and approvals are obtained. Furthermore, we implemented processes reasonably designed to review whether service providers are meeting all agreed legal, regulatory, security and confidentiality requirements. Such outsourcing arrangements do not alter any existing contractual relationships between you and us.

As a consequence of the above, your business information is not subject to the applicable banking secrecy rules and regulations. It is nevertheless treated with strict confidentiality and security. Please be aware that local laws and regulations from time-to-time oblige us to provide access to your business information to relevant authorities.

### 3.8 Cross-border business

Cross-border business activities carried out by us and our employees in or into a country other than Switzerland or the US are restricted or limited as a result of certain licensing, legal, regulatory and/or tax considerations which are subject to change from time-to-time. As a result, we reserve the right to decline or terminate your account if we believe the cross-border considerations inhibit our effective management of your account in a given program.

### 3.9 Client reporting and performance reporting for your account

Your asset statements are available no-less than monthly. Asset statements list all positions held in your Program account as well as your performance information. You are responsible

for reviewing these materials and promptly reporting any discrepancies to your RM.

Unless you provide different instructions, we will deliver your asset statements quarterly. Additionally, we will send your transaction confirmations at your request in the frequency specified by you. To the extent permitted by applicable law, we will, with your prior consent, deliver statements via electronic format via "Vontobel SFA Online."

### 3.10 Valuation of account assets

The market value of an instrument represents the price at which the instrument could be purchased or sold in a current transaction, on an active or secondary market, between willing parties on an arm's-length basis.

In exceptional instances, Vontobel SFA will correct valuations received or, where no Vontobel internal (i.e., Bank Vontobel AG) or external providers are available, conduct its own valuations to determine a fair valuation based on an examination of the nature and realizable value of an instrument. Such exceptions must be properly documented and are subject to enhanced review and approval by our Valuation Committee.

### 3.11 Investing in precious metals

Depending on your risk profile and investment objective, you can invest in precious metal products in the form of either (i) a precious metal spot transaction or (ii) a collective pool custody interest through one or more of our Programs as described in this section.

**Precious metals spot transactions:** Precious metals spot transactions in our Managed Solution Mandates will be executed through either: UBS AG if Vontobel SFA acts as Custodian or (ii) Bank Vontobel AG if it acts as your Custodian. Precious metals purchased by you will be sub-custodied with either: (i) UBS Switzerland AG or JP Morgan Chase N.A., Zurich ("JPMCB Zurich"), if Vontobel SFA is your Custodian or (ii) Raiffeisen Bank if Bank Vontobel AG is your Custodian in collective custody (see section 4.11.1 below) unless you specifically select that precious metals you purchase are placed into segregated custody on your behalf (see section 4.11.2 below).

**Collective pool custody (CPC):** Among physical precious metal products which can be held in collective custody are certain precious metal products where a co-ownership quota on the respective precious metals can be purchased, held and sold (denominated in any number ounces or grams) without having to adhere to the customary commercial size. CPC is only available for Mandates where Vontobel SFA is the Custodian and only to residents of certain states.

If you request physical production of your collective pool position(s), UBS AG will sell your existing collective pool position(s) and produce physical bars in customary commercial sizes. In the case of physical delivery, you do not have the right to specific numbers or denominations of bars, but UBS will endeavor to accommodate any reasonable specific requests in relation to sizes of the bars. Requests for physical delivery in amounts smaller than customary commercial sizes will be converted to cash unless you purchase additional interests to receive a customary commercial size. Production

costs, delivery fees, VAT and other taxes may apply. We do not provide tax advice.

If UBS Switzerland AG were to declare bankruptcy, your right of co-ownership in the physical precious metals held in the collective pool would be separated from the bankruptcy assets and credited to you.

**For clients in the US States of Arizona, California, Colorado, Georgia, Idaho, Indiana, Iowa, Maine, Mississippi, Missouri, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, New Hampshire, Oregon, South Carolina, Washington, and West Virginia:**

If you live in any of the above referenced states and seek to purchase precious metals transactions after the Merger, you can only do so if Vontobel SFA acts as your Custodian.

**Execution:** All precious metal spot transactions in our IA Mandates will be advised and arranged by Vontobel SFA and will be executed by JP Morgan Securities PLC ("JP Morgan Securities"). JP Morgan Securities will execute transactions at the JP Morgan Securities spot rate, which includes a spread or commission charged by JP Morgan Securities as the executing broker.

If you do not wish for us to use JP Morgan Securities to engage in precious metal spot transactions, we will not be able to provide precious metal spot transaction execution services to you and you would need to seek such services from a third party.

**Custody:** all precious metal positions in our IA Mandates will be sub-custodied at JPMCB Zurich. These precious metals will be held by Vontobel SFA in physical form in a vault located in Zurich, Switzerland, in segregated sub-accounts for the benefit of Vontobel SFA clients.

JPMCB Zurich accepts physical precious metals in bars, plates, or ingots. Therefore, you may hold precious metals represented in the form of gold, silver, platinum and palladium in bars, plates, or ingots of certain weights and fineness. Neither collective pool custody, nor CPC is offered by JPMCB Zurich. **Vontobel SFA can only accept physical white metal (i.e., silver) holdings / transfers which are VAT free (held in a bonded warehouse). Silver positions transferred in can only be custodied at JPMCB Zurich and delivered back to the client, but not sold.**

**For clients in US States other than those listed above or resident outside of the US:**

**Execution:** all precious metal spot transactions will be advised and arranged by Vontobel SFA and will be executed by either: (i) UBS AG if Vontobel SFA acts as your Custodian or (ii) Vontobel AG if Vontobel AG acts as your Custodian. The executing brokers will execute transactions at their own spot rate, which includes a spread or commission charged by applicable executing broker.

If you do not wish for us to use UBS AG or Vontobel AG, respectively, to engage in precious metal spot transactions, we will not be able to provide precious metal spot transaction execution services to you and you would need to seek such services from a third party.

**Custody:** all precious metal positions will be sub-custodied at either: (i) UBS Switzerland AG or JPMCB Zurich if Vontobel SFA acts as your Custodian or (ii) Raiffeisen Bank if Vontobel AG acts as your Custodian. These precious metals will be held by Vontobel SFA in physical form in collective custody in a vault of the respective sub-custodian located in Zurich, Switzerland. If sub-custody is with UBS Switzerland AG or Raiffeisen, clients can request to have precious metals positions held in a segregated sub-account for their own benefit. If JPMCB is the sub-custodian, then precious metals positions will be held in segregated sub-accounts on behalf of our clients.

The sub-custodians accept physical precious metals in bullion, bars, and coins which are measured in kilograms or ounces. Therefore, you may hold precious metals represented in the form of gold, silver, platinum and palladium in bullion, bars, and coins which are measured in kilograms or ounces.

#### **For all clients**

No interest will be paid to you in respect of the precious metal positions in your Managed Solution Mandate or IA Mandate accounts.

#### **Restrictions applicable to all precious metal investments**

Precious metal derivatives, such as futures contracts, options on futures, options on physical swaps or forward contracts will not be transacted or held in custody by us. We will not enter into transactions for the purchase/sale of precious metals on your behalf on a leveraged or financed basis.

The value of precious metals cannot be:  
used as security for a loan

- eligible for consideration as a pledged asset; or
- considered when calculating the lending value of your pledged assets.

The foregoing is applicable at all times. Additionally, you cannot purchase precious metals with the proceeds of a loan.

We receive additional compensation when you purchase precious metals. Please see section 2.8.2 ("Precious metals") for a description of the additional compensation.

#### **3.11.1 Collective custody**

Precious metals held in collective custody are held in our name. You will be co-owner of the precious metals held in a collective custody account with us. Your right of co-ownership is measured according to the number of units or by weight. If the sub-custodian were to declare bankruptcy, your right of co-ownership in the precious metals held in a collective custody account would be separated from the bankruptcy assets and credited to you.

In the case of physical delivery, you do not have the right to specific numbers or denominations of bars, or to specific years or minting of coins, but the sub-custodian will endeavor to accommodate any reasonable specific requests of you in relation to sizes of the bars. Depending on the set up, you will still have to pay a surcharge representing the production costs for physical delivery. This surcharge is in addition to any delivery costs. At conversion, a conversion fee will be charged, as well as, the current production and delivery costs. In the case of white metals, the applicable Swiss VAT is charged on the current total value. The conversion, production and delivery costs are in addition to your Wrap Fee.

### 3.11.2 Segregated custody

Precious metals held in segregated custody at each of Raiffeisen Bank and UBS Switzerland AG are physically stored in Switzerland in a separate individual custody account. You are the sole owner of this specific precious metal (i.e., gold bar) and you can request delivery at any time. At JPMCB Zurich, precious metals are held in segregated sub-accounts for the benefit of Vontobel SFA clients, whereby delivery can be required at any time. Precious metals must be procured and stored by the sub-custodian. This generates production costs, which is not included in your Wrap Fee. The surcharges represent the production costs and are in addition to any delivery costs.

If the sub-custodian were to declare bankruptcy, the precious metals owned by you would be separated from the bankruptcy assets and credited to you.

### 3.12 Fixed term and call fiduciaries

You can authorize Vontobel SFA to use all or part of the funds available at a given time in your Program account to make investments on a fiduciary basis with another bank or financial institution (**Financial Intermediary**) in the name of Vontobel SFA but for your account and at your own risk based on the terms and conditions of the Financial Intermediary.

You authorize Vontobel SFA to transfer the funds to (i) UBS AG or Bank Vontobel AG if Vontobel SFA is your Custodian or (ii) Bank Vontobel AG if it is your Custodian, in order to place the said fiduciary investments in the name of the UBS AG or Bank Vontobel AG, respectively, but for your account and at your own risk.

Irrespective of the fact that fiduciary investments are made in the name of the UBS AG or Bank Vontobel, fiduciary investments are transactions and services which from time-to-time, by applicable laws, self-regulations, market practices and conditions of Financial Intermediaries, require the disclosure of data of the client itself and related persons (e.g. beneficial owner).

Vontobel SFA will only make investments on a fiduciary basis once you have instructed us to do so, either by giving us discretion to make decisions for you in a Managed Solution Mandate account, or on a case-by-case basis in one of the IA Mandate accounts. For IA Mandate accounts, if you have so instructed us, but have not designated the Financial Intermediary and the other conditions of the investment at least five (5) days before a new investment or before maturity of the

investment concerned, then we will repay the respective funds to your Program account. We have the sole obligation of paying to you such amounts as have been credited to us by the Financial Intermediary in its sole discretion.

If Bank Vontobel AG is your Custodian, Bank Vontobel AG will also act as the Financial Intermediary.

You will bear all economic and legal consequences of any measures taken by the relevant authorities (e.g. prohibition of repayment or transfer) which could affect your assets invested on a fiduciary basis in the respective country. Furthermore, you bear the transfer, currency and country risk, as well as the risk of default on the part of the Financial Intermediary.

Each of UBS AG and Bank Vontobel AG maintains an up-to-date list of selected Financial Intermediaries who have good credit ratings and with whom it conducts fiduciary investment transactions. You can request the current list of selected Financial Intermediaries and the credit rating at any time.

If the Financial Intermediary does not fulfil its commitments or only partially fulfils them (for example due to transfer restrictions and foreign exchange controls imposed in its own country of domicile or in the country of the investment currency), Vontobel SFA is obligated solely to assign to you the claims against the Financial Intermediary. We will not be bound by any other obligation.

### 3.13 Changes in currency values; differences between “home” and “Program” currency

An account that invests in securities or other investments denominated in, and/or receiving revenues in, currencies other than one's «home» currency (i.e., the currency of your country of residence), will be subject to currency risk. For clients whose home currency is the US dollar, currency risk is the risk that foreign currencies will decline in value relative to the US dollar. In such event, the dollar value of an investment would be adversely affected. Currency exchange rates generally fluctuate in response to, among other things, changes in interest rates, intervention (or failure to intervene) by US or foreign governments, central banks or supranational entities, or by the imposition of currency controls or other political developments in the United States or abroad.

Additionally, you may have the option of selecting a Program currency that is different from your home currency. As a result, your account values for your Program accounts will be reflected in your monthly and quarterly statements in your selected Program currency (unless you otherwise designate a Reporting Currency). When you select a Program Currency or Reporting Currency which is different from your home currency, all of the assets in your Vontobel SFA account will be converted to the selected currency for purposes of calculating your account's performance. If you select a Program Currency or Reporting Currency other than your home currency, the performance shown in your account statements may not reflect the actual performance of your account due to changing currency rates.



### 3.14 Brokerage practices

#### 3.14.1 Brokerage practices, generally

##### Vontobel SFA as Custodian

**Morgan Stanley** is used for equity security transactions, whereas Zürcher Kantonalbank (**ZKB**) is used primarily for fixed income security (bond) transactions. Vontobel SFA reserves the right to open any other execution broker relationship at any point in time if in the best interest of the clients. For business contingency reasons, equity trades might also be routed through ZKB. Your Wrap Fee includes any so-called order ticket fee which Morgan Stanley or ZKB will charge us for the execution of these transactions. ZKB has selected Toronto Dominion Bank of Canada to execute bonds in Mexican Peso or in some cases Mexican bonds in general. An additional broker can be selected in the future in case of markets where the liquidity is low or limited (a “sub-broker”). As a result of using such sub-broker, best execution cannot be evidenced due to the absence of other bids.

**SIX-SIS** is normally used for mutual fund shares transactions, generally on a net asset value (**NAV**) basis.

For precious metals, the broker used for the transaction depends on the custodian of said precious metals: (i) UBS AG is used for transactions in precious metals sub-custodied with UBS Switzerland AG; (ii) Bank Vontobel AG is used for transactions in precious metals sub-custodied with Raiffeisen; and (iii) JP Morgan Securities PLC in London is used for precious metals sub-custodied with JPMCB.

**UBS AG** or **Bank Vontobel AG** is used for FX transactions.

In addition, certain financial products such as structured products, hedge funds, specific closed-end funds, interests in limited partnerships and limited liability companies and similar products are usually purchased directly from the issuer or its affiliate.

##### Bank Vontobel AG or Pershing as Custodian

Vontobel SFA transmits securities transactions to US regulated broker-dealers that it selects based on its fiduciary obligation to seek “best execution”. For equity security transactions, we use Citibank NA, Pershing LLC and (for certain European and Swiss equity security transactions) Stifel, Nicolaus & Company Inc. For fixed income security (bond) transactions, we use various US firms. For US mutual fund transactions for our Managed Solutions Mandates, we will generally subscribe and redeem the shares directly from the fund at net asset value (NAV) only.

**Best execution:** We are obligated to seek “best execution” for client transactions. Best execution generally refers to the execution of transactions in such a manner that total cost or proceeds in each transaction are the most favorable under the circumstances. The SEC defines best execution as “best qualitative execution,” not merely the lowest possible execution cost. In evaluating the quality of execution and selecting broker-dealers to execute client transactions, we will consider various factors, such as price, cost and commission rate (or

spread), speed (timing) and execution capability (likelihood of execution and settlement). We do not retain payments or monetary inducements from broker-dealers and do not consider payments or inducements in evaluating the quality of execution or selecting broker-dealers to execute client transactions. We have adopted a best execution policy where our execution desk is responsible for weekly securities transactions checks on the execution of trades, taking into account execution time and price. On a monthly basis (or more often if significant issues arise), our execution desk reports its findings to our Best Execution Committee. Through these mechanisms, we seek “best execution” by monitoring Morgan Stanley’s, ZKB’s and our trading activity for clients, execution costs and quality obtained for clients, and our brokers’ own best execution and related trading policies, procedures and practices. Consistent with seeking best execution, we selected the brokers mentioned above to effect client transactions as described below. The best execution principle of having several prices from different brokers can be limited in markets with low liquidity, such as the Mexican bond market. In such markets the chosen broker can define a sub-broker for execution. Furthermore, limitation of best execution can also be a result of insufficient brokers in the market to offer a bid.

**Selection of brokers:** Our executing brokers for securities were chosen because we believe that they offered an attractive platform for our business model while, at the same time, providing competitive equity securities and fixed income securities (bonds) brokerage services. Our executing brokers for mutual funds were each chosen because we believe that their global reach in the funds business is advantageous to our clients. Mutual fund shares are generally purchased and redeemed directly from the fund at NAV only.

We do not consider, in selecting or recommending broker-dealers, whether it or a related person receives client referrals from a broker-dealer or third party.

Note that US brokers acting as clearing brokers will have independent regulatory obligations to select executing brokers taking into account best execution considerations. In certain circumstances for securities traded in Swiss and possibly other non-US markets, Bank Vontobel AG might be selected as a clearing broker as the executing broker, which is a conflict of interest. However, we have no influence over the clearing broker’s choice of executing broker and in any event the Wrap Fee is a fixed amount including brokerage costs and a clearing broker’s selection of Bank Vontobel as its executing broker will not result in your being charged any extra compensation.

#### 3.14.2 Research and payment for order flow

When we execute securities transactions through broker-dealers, we may choose brokers who provide us with research services if the commissions charged by these broker-dealers are reasonable in relation to the value of the brokerage and/or research services. Unless we have entered into an agreement to pay for certain research, we do not try to place specific dollar value on the research or brokerage services of any broker-dealer or allocate the relative costs or benefits of research, because we believe that the research we receive is beneficial in fulfilling our overall responsibilities to clients.

Accordingly, research received for a brokerage commissions attributable to a trade on behalf of one or more of our clients may not be used for that client's account or may be useful not only for that client but for other clients' accounts as well. Similarly, some clients may benefit from the research received for the commissions of other clients. All routing decisions are in accordance with the principles of best execution.

Payment for order flow is defined to include any monetary payment, service, property or benefit that result from remuneration, compensation or consideration to a broker-dealer from another broker-dealer in return for routing customer trades. Notwithstanding the foregoing, at this time, we direct certain order flow to specific destinations in exchange for payment for that order flow in the form of research. These arrangements will not cause you to pay additional fees to us.

#### **3.14.3 Brokerage for client referrals**

When selecting an executing broker, we do not consider whether we, or one of our affiliates, receive client referrals from such executing brokers. For example, as mentioned in section 8.6 («Client referrals and other compensation agreements with affiliates») below, there is a referral arrangement with UBS Financial Services Inc. under which UBS Financial Services Inc. may refer clients to us.

#### **3.14.4 Directed brokerage**

As explained in section 4.14.1 ("Brokerage practices, generally") above, we use Morgan Stanley, ZKB, SIX-SIS, or UBS AG, and product issuers for execution of all client transactions. We do not permit clients to direct us to use any other specific broker for any client transaction as brokerage commissions or other transaction costs charged by that broker would not be included in the Wrap Fee.

#### **3.14.5 Aggregation and allocation**

We strive to aggregate trades for Managed Solution accounts. However, it is not mandatory to aggregate trades and such aggregation is made at our full discretion. Aggregation of trades is a technique that seeks to increase the consistency in the execution process and support the quality and cost of execution. Execution of aggregated trades is generally completed by the end of the trading day. In some circumstances, an aggregated trade will be executed over a period of more than one day.

That said, we can always require immediate trade execution for a particular client's Managed Solution Mandate, without being part of the aggregation process, as we deem necessary or appropriate for that client's Managed Solution Mandate.

#### **3.14.6 Allocation of investment opportunities**

There are situations where a particular security must be purchased or sold for more than one Program or more than one client, but the investment opportunity is limited. In those situations, we will allocate the opportunities among eligible client accounts in a way that, over time, does not favor one client relationship over another. In principle, we will use a pro rata allocation method. For example: if clients A and B order 2,500 shares each and client C orders 5,000 shares (i.e., the total order is for 10,000 shares, of which clients A and B will have 25% and client C 50%) and only 4,000 shares can be obtained on the market, the 4,000 shares will be allocated

proportionally such that clients A and B each receive 1,000 shares (25% each) and client C receives 2,000 shares (50%). For possible side-by-side management issues, also see section 5.1 ("Performance-based fees and side-by-side management") below.

#### **3.14.7 Trade error handling**

We have a trade error procedure, pursuant to which we endeavor to timely resolve any identified trading errors that occur from time-to-time for a client relationship. We strive to correct and otherwise resolve trade errors in a manner that does not adversely affect the client. Trade errors are neutralized (unwound) immediately after detection regardless of gain or loss for us. The correction takes place as quickly as possible after detection in an effort to avoid timing or speculation. The effect of the trade error correction is neutralization for the client as if the initial transactions never happened on the account(s). We maintain an error account to facilitate handling trading errors. Gains may be offset by losses in the error account and, at the end of the calendar year, if the net ending value of such error account is a gain, we donate the funds to charity without any benefit to us.

#### **3.14.8 Principal trades and cross trades**

We do not knowingly engage in principal trades for our clients without written disclosure and pre-trade consent to each transaction on a case-by-case basis.

We do not "cross" client trades in any security, even if doing so would be beneficial for clients, as we do not currently have the operational ability to identify potential cross trades between clients. Similarly, neither we, nor any affiliate, engage in "agency cross" trades between our clients and brokerage clients of such affiliates.

#### **3.14.9 Trading conflicts**

Because most of a client's securities trading costs are included in the Wrap Fee we receive, we pay for most execution services ourselves. As a result, we have an incentive to minimize securities trading for clients (thereby reducing the amount of money we must pay for execution).

Conversely, trading costs for FX transactions and precious metal spot transactions are not included in your Wrap Fee. Instead, they are paid to us in addition to the Wrap Fee. As a result, we have an incentive to maximize trading in FX and physical precious metals for clients.

However, we believe that the conflicts presented by these incentives are addressed through our investment decision-making process. For example, we are responsible for the selection and monitoring of securities, precious metal positions, and currency allocations for client accounts, maintain a recommended list of securities (i.e., investment universe) and report large relative performance deviations against markets on a regular basis to our Investment Committee (IC). The IC takes note of such decisions and has the power to override them.

### **3.15 Custody**

#### **Vontobel SFA as Custodian**

As a Securities Firm licensed and supervised by FINMA, we are allowed, under Swiss law and applicable SEC rules, specifically Rule 206(4)-2 of the Investment Advisers Act of 1940



**(Custody Rule)**, to hold in custody financial assets for our clients. We serve as a “Qualified Custodian” for all our clients for purposes of SEC Rule 206(4)-2. When investing in one of our Programs, you must establish a custody account with us. You should be aware that the fraud potential with an investment adviser having custody of client assets is higher than with an investment adviser that does not have custody of client assets.

#### **Bank Vontobel AG or Pershing as Custodian**

Vontobel SFA must ensure that client assets are held with a Qualified Custodian. Since Bank Vontobel AG is an affiliate of Vontobel SFA, it must obtain a written internal control report that it provides to Vontobel SFA and that includes an opinion from an independent public accountant with respect to its controls relating to the custody of Vontobel SFA’s client assets. This exercise must be undertaken no less frequently than once each calendar year.

The accountant performing the surprise examination and the accountant issuing the internal control report will be registered with, and subject to regular inspection by, the US Public Accounting Oversight Review Board.

The Custodian selected by you will provide you with an account statement (at least quarterly) identifying the transactions and movement of funds during the reporting period, the disbursement of cash (including the Wrap Fee) as well as listing each security in your account as of the end of the reporting period. Individual confirmations for any transactions will be provided to all Vontobel SFA clients. A client will receive paper copies of their account statements at least on a quarterly basis, and should review these reports to ensure their accuracy.

**SEC Rule 206(4)-2.** When investing in one of our Programs, you must establish a custody account with us. You should be aware that the fraud potential with an investment adviser having custody of client assets is higher than with an investment adviser that does not have custody of client assets.

**Ernst & Young Ltd** conducts an annual examination of the controls related to the custody function for our client assets and issues a report (so-called SOC-1 Report). We can provide you with a copy of the most recent SOC-1 Report as well as our most recent Annual Report upon your request.

Vontobel SFA’s sub-custodians are:

- **SIX-SIS** for client assets (e.g., bonds, notes, structured products, funds, shares, rights, etc.) other than non-SIX-SIS-Eligible Securities, and precious metals; and
- **UBS Switzerland AG** for certain mutual fund shares, certain equity types (such as equities that are physically delivered and held in custody or shares that are registered in the shareholders’ registry of the issuing company) and precious metals.
- **JP Morgan Chase Bank**, N.A., Zurich Branch—for precious metals.
- **Bank Vontobel AG**—for non-SIX-SIS-Eligible Securities.

#### **3.16 Electronic delivery of documents (only if Vontobel SFA is your Custodian)**

Where Vontobel SFA is your Custodian and to the extent permissible by applicable law, we will, with your prior consent, deliver certain documents and notices that are available now and may be available in the future, via electronic format which include, without limitation, the following:

- account information (account value, holdings, securities transactions, trade confirmations, cash transactions, distributions received, and performance reports) relating to the Client’s Vontobel SFA accounts;
- any account agreements, and subsequent amendments, related to your relationship with us;
- Privacy Notice, and any other regulatory required notices and/or information;
- Disclosure Brochure, and any amendments and related documents;
- shareholder communications, including, without limitation, fund reports, prospectuses, and corporate actions;
- tax statement and other tax-related information;
- online account notifications or messages relating to your accounts, holdings, news, and research; and
- Vontobel SFA Investment Outlook and similar market analysis

We will deliver documents relating to your accounts to Vontobel SFA Online or as an attachment in portable document format (PDF) to an email.

***If you are enrolled in Vontobel SFA Online, you can change your delivery preferences at any time by contacting your RM.***

#### **3.17 Client complaints and mediation**

As a client of a Swiss registered Securities Firm, if we fail to meet your expectations at any time and we are unable to find an amicable solution, you have the opportunity to bring your concerns to the attention of the Swiss Banking Ombudsman (**Ombudsman**). Ombudsman is our selected independent Ombudsman service, and it acts as a free and neutral information and mediation agency. Such services are available to you in English.

As a general rule, the Ombudsman only gets involved after we have received and have had the opportunity to respond to your written complaint, and upon your request. Reaching out the Ombudsman does not affect any other legal recourses you may have against us.

Although we pay a yearly fee to Swiss Banking Ombudsman as our responsible Ombudsman, Swiss Banking Ombudsman is fully independent from us and our affiliates.

Contact information:  
 Swiss Banking Ombudsman  
 Bahnhofplatz 9  
 Postfach  
 8021 Zurich  
 Switzerland  
 Telephone:  
 +41 43 266 14 14 (German / English)  
 +41 21 311 29 83 (French / Italian)

### 3.18 Conflict of laws disclosure

Our legal obligations to clients can vary under the laws of the various jurisdictions that apply to our business. Multiple factors determine which laws are applicable to us, including where we conduct business, the nature of the particular client and the laws that apply to the client or our relationship with the client. In order to address potential uncertainties in this area, our investment advisory client agreements generally stipulate the laws under which our agreements and client relationships are governed to the exclusion of other laws. Our stipulation of laws can have the effect of limiting our legal obligations or the rights a client enjoys in relation to other laws that might potentially apply.

In addition, there can be circumstances in which our relationship or a particular matter is governed by the laws of multiple jurisdictions whose requirements diverge or conflict. In such circumstances, we generally make our own determination of whether and to what extent these different laws and requirements apply to us based on our understanding of those laws and applicable legal principles. In making these determinations, we can face a conflict of interest particularly when these determinations involve a choice among laws and requirements that impose greater restrictions or obligations or are otherwise less favorable to us even though they may be more favorable to clients.

Finally, there can be circumstances where the laws or requirements applicable to a given relationship, particularly with multiple clients (i.e., one joint account holder is resident in the US and the other is resident in Germany), present conflicts of laws and correspondingly present conflicts between and among the interests of various clients within a given relationship. In such situations, we will rely upon instructions given by any of the persons designated with authority over the account based upon the information provided to us by the client(s) without consideration to the potential conflicts of law in the clients' respective jurisdictions.

## 4 Portfolio manager selection and evaluation of portfolio managers

All investment advisory services for Program clients are provided by us and there are no external investment advisers or portfolio managers and no affiliates that act as investment adviser or portfolio manager for our clients.

The investment strategies we use for certain clients could conflict with the transactions and strategies employed for other clients, which can have an effect on the prices and availability of securities and other financial instruments in which clients invest. For example, on a regular basis, and in particular after investment strategy changes have been approved by our IC, the Head of the Managed Solutions Team informs the members of the Managed Solutions Team (for Managed Solution Mandates) and the Investment Advisory Team (for IA Mandates) of investment recommendations or changes in investment strategies. As a consequence, you should understand that transactions effected for one or more Managed Solution Mandates will have already been recommended to clients of IA Mandates prior to effecting any transactions for clients with a Managed Solution. These previous IA Mandate transactions can result in changes to the prices of

instruments from those obtained in later transactions on behalf of Managed Solution Mandates. Accordingly, the prices received for Managed Solution Mandates, if Vontobel the Managed Solutions Team implements the investment recommendations or changes in investment strategies provided by the IC over a certain period of time, can be disadvantaged relative to the prices previously received on behalf of IA Mandates, or in general.

### 4.1 Performance-based fees and side-by-side management

We do not charge performance-based fees. However, we recognize that side-by-side management issues exist for other reasons.

We manage client accounts that have objectives that are similar to, or which overlap with, those of other clients. However, we strive to allocate investment opportunities among similarly managed client accounts on a fair and equitable basis over time.

The investment strategies we use for certain clients could conflict with the transactions and strategies employed for other clients, which can have an effect on the prices and availability of securities and other financial instruments in which clients invest. For example, on a regular basis, and in particular after investment strategy changes have been approved by our IC, the Head of the Managed Solutions Team informs the members of Managed Solutions Team (for Managed Solution Mandate accounts) and the Investment Advisory Team (for IA Mandate accounts) of investment recommendations or changes in investment strategies. As a consequence, you should understand that transactions effected for one or more Managed Solution Mandates will have already been recommended to clients of IA Mandates prior to effecting any transactions for clients with a Managed Solution Mandate. These previous IA Mandate transactions can result in changes to the prices of instruments from those obtained in later transactions on behalf of Managed Solution Mandates. Accordingly, the prices received for Managed Solution Mandates, if the Managed Solutions Team implements the investment recommendations or changes in investment strategies provided by the IC over a certain period of time, can be disadvantaged relative to the prices previously received on behalf of IA Mandates, or in general. The same applies to transactions effected by us on behalf of clients of IA Mandates if such transactions are affected after Vontobel SFA implements the investment recommendations or changes in investment strategies provided by the IC.

### 4.2 Managed Solution Mandates

As described above, the Managed Solutions Team and the IC use a variety of research sources in making their investment decisions for your account, including research issued by our affiliates and independent sources. ***Managed Solutions and the IC are not required to follow Vontobel Asset Management AG issued investment advice except in limited circumstances and can, in their discretion, take positions for your account that contradict the investment advice issued by our affiliates. You should be aware that our affiliates (or employees thereof) can have conflicts of interest***

***in connection with the investment outlook reports they publish.***

The Managed Solutions Team and IC compensation is not based on investment banking, sales and trading or principal trading revenues; however, their compensation relates to the revenues of the Vontobel business groups as a whole, of which sales and trading and principal trading are each a part.

#### **4.3 Rights arising from corporate actions**

**IA Mandates:** In connection with investment instruments held in your IA Mandate account, you will be informed by us on rights arising from corporate actions, such as tender or exchange offers, subscription rights, option and conversion rights, and redemption rights.

If you have not elected to receive notifications as they become available electronically either via Vontobel SFA Online, the application which gives you electronic access to your account and other information, or via an email notification, there is a risk that you will not receive the relevant information in a timely manner and you will therefore not have the opportunity to make an election within the prescribed timeframe.

In addition, we generally provide notice of the default election that will apply if we do not receive your response with respect to a notice of corporate action. In the event you do not provide an election within the required deadline, we will make an election in accordance with our notice of default election.

In order to deal with the complexity of our cross-border business, we will limit certain activities in or into certain countries. This means that if you live in a country where communication activities have been limited or prohibited, we will not be able to provide information about corporate actions, even upon your explicit request, and therefore, you will not have the opportunity to take action even if you have explicitly retained the right to make your own corporate action elections.

**Managed Solution Mandates:** By signing the Managed Solution Mandate account agreement, you grant us the authority to make elections based upon our investment judgment on behalf of your account arising from corporate actions, such as tender or exchange offers, subscription rights, option and conversion rights, and redemption rights.

**Limitations of our authority:** We will not make an election with respect to a corporate action, even if you have designated authority to us, if: (a) the securities are no longer held in your account; or (b) the relevant materials are not received in sufficient time to allow an appropriate analysis to allow an election to be made by the deadline.

#### **4.4 Voting client securities (proxy voting)**

We do not vote proxies solicited by, or with respect to, the issuers of any securities held for you in your Program. We will not provide you with information and/or advice regarding proxies unless specifically requested by you (and then, we will only do so to the extent permitted by applicable law), or unless required by applicable law. Otherwise, we will not forward proxy related information or materials to your attention.

If you hold Swiss-registered shares or bearer shares in your own name, proxies will be sent to you directly from the issuer. With respect to proxies of non-Swiss registered shares and Swiss-registered or bearer shares held in the name of a nominee, you will be responsible for obtaining any applicable proxy information, and you can contact us for further information. Unless required by applicable law, proxy information received by us from the custodians will not be forwarded to you, and we do not monitor proxies solicited by issuers on an ongoing basis for your account and will not be responsible for sending proxy-related information to you.

Because we do not vote proxies solicited by, or with respect to, the issuers of any securities, unless required by applicable law we do not provide you with information and/or advice regarding proxies or forward proxy related information or materials to you so you can vote, there is the risk that the value of securities held in your account will be affected by matters that are submitted for approval by a companies' shareholders. These include corporate events (mergers and acquisition transactions, dissolutions, conversions, or consolidations), contested elections for directors or other matters the outcome of which might be material in terms of the value of or thesis for an investment.

Additionally, we do not make elections with respect to reorganizations, bankruptcy proceedings, and class action lawsuits involving an issuer whose equity or debt securities are held in your account, nor will we provide you with advice and/or information regarding the above unless specifically requested by you, and then, we will only do so to the extent permitted by applicable law.

## **5 Methods of analysis, investment strategies, and risk of loss**

### **5.1 Methods of analysis and investment strategies**

We use different methods of analysis that are tailored for each of the investment strategies we offer to clients. Set out below are the primary methods of analysis and investment strategies that we utilize in formulating investment advice or providing discretionary management services.

This section 6 includes a discussion of the primary risks associated with these investment strategies. However, it is impossible to identify all the risks associated with investing, and the particular risks applicable to a client account will depend on the nature of the account, its investment strategy or strategies and the types of securities held, as well as any restrictions imposed by the client. While we seek to manage accounts so that risks are appropriate to the strategy, it is often impossible or not desirable to fully mitigate risks. Any investment includes the risk of loss, and there can be no guarantee that a particular level of return will be achieved. Clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses. Clients should carefully read all applicable informational materials and offering or governing documents prior to retaining us to manage an account or prior to making any investment decisions.

It is of highest importance to us that we apply sound methods and analysis in formulating investment advice. We have adopted a “top-down” approach: the IC agrees on a global macro and market environment view by taking into account a range of monetary, economic, and business indicators, such as, *without limitation*, gross domestic product, inflation, short-term interest rates, currencies, long term interest rate level, equities. Based on that, the IC formulates an asset allocation. The Managed Solutions Team then selects individual securities (bonds, equities, mutual funds, structured products, etc.) to implement the asset allocation based on the client’s risk profile and investment objectives. We use external research for this decision-making process.

We obtain information from various sources, including:

- financial publications
- inspections of corporate activities
- company press releases and securities filings
- research and due diligence material prepared by third parties
- rating or timing services
- regulatory and self-regulatory reports
- third-party data providers and research consultants
- outside consultants, experts and other professionals; and
- other public sources.

In addition, we receive a broad range of research and information about the following:

- generic economic conditions
- industries
- groups of securities and individual companies
- market data
- accounting and tax law interpretations
- political developments
- pricing and appraisal services
- credit analysis,
- risk measurement analysis, and
- other information affecting the economy.

Research can be received through various channels, including written reports; telephone contacts and personal meetings with research analysts; economists; government representatives; and corporate and industry spokesmen.

## 5.2 Risk of loss

Investments in securities involve the risk of **financial loss** that you should be prepared to bear. Raising the awareness for this risk and discussing the factors that can potentially lead to such loss is therefore a key consideration when looking at the investment opportunities with you or a prospective client.

It all starts with working with you step-by-step identifying your financial objectives and risk profile. The purpose of this process is to determine your personal loss capacity, investment objectives, and knowledge and experience. Based on the information provided by you, the correct balance between the opportunity for financial gain and the capacity for financial loss can be determined. You should understand the following risks and discuss them with your RM.

## 5.3 Pandemic risk

We have a comprehensive Business Continuity Management (**BCM**) and Crisis Management framework in place designed to prevent a wide variety of events from impacting our critical operations. It is designed to implement and maintain precautionary actions for our staff to protect our franchise and clients. Preparation includes employee communications, facilities management, travel measures, human resources, medical measures and BCM.

## Coronavirus risk

Since the outbreak of novel coronavirus (COVID-19) was confirmed, Vontobel group has been closely monitoring the situation as it develops. The measures we have implemented are aligned with the recommendations of the World Health Organization (WHO), local government and relevant health authorities as well as being appropriate to our position.

Based on the current situation we expect our business to continue operating at a normal level. However, the spread of the novel coronavirus worldwide has resulted in quarantines, border closings and other restrictions on travel, stress on the global healthcare system, disruptions to supply chains and business activities, including government mandated business closures, layoffs and disruptions to customer activities, increased market volatility and market declines, and, generally, widespread concern and uncertainty. Health crises and related political, social and economic disruptions caused by the spread of the coronavirus outbreak may also exacerbate other pre-existing political, social and economic risks in certain countries. It is not possible to know the extent of the impact of these disruptions on the performance of companies and other investment assets.

These disruptions may be short-term or may last for a more extended period. Despite governmental efforts to address market disruptions, these developments and related events could result in further market volatility and negatively affect financial asset prices, the liquidity of certain securities and the normal operations of trading firms and other intermediaries (including the ability to achieve best execution), securities exchanges and other markets.

Given how closely our revenues are tied to capital markets, market declines and lower asset prices will negatively impact our performance and put pressure on our business.

We may face challenges with respect to our day-to-day operations if our key personnel are unavailable due to health and safety issues, quarantines, travel or other restrictions. Moreover, we rely on a network of service providers to run our business. Disruptions to their operations, availability of key personnel, technology infrastructure or finances caused by the recent coronavirus outbreak could have negative effects on our operations and business. As a result, the risk environment remains elevated.

## 5.4 Material, significant or unusual risks relating to investment strategies

The selection of an appropriate investment strategy must fit your risk profile and investment objectives. In addition, each strategy involves investment in a certain type or types of

securities, each of which have their own risks. Set forth below are some of the material risk factors that are often associated with the investment strategies and types of investments relevant to many of our clients. ***This is a summary only.*** The information included in this Disclosure Brochure does not include every potential risk associated with each investment strategy or applicable to a particular client account. You should not rely solely on the descriptions provided below. You are encouraged to ask questions regarding risk factors applicable to a particular strategy or investment product, read all product-specific disclosures and determine whether a particular investment strategy or type of security is suitable for your account in light of your own specific circumstances, investment objectives and financial situation.

Your risk awareness is reviewed at least annually. For non-Managed Solution Mandate accounts, you are informed of securities which are not within our recommended investment universe and therefore also not actively monitored, bulk risks, and the overall allocation discrepancies that do not fulfil your stated investment objectives.

There is no assurance that any investment risk mitigation efforts undertaken by us will be successful or otherwise eliminate the relevant risk. Further, there is no assurance that you will achieve your stated investment objective.

#### **5.4.1 Sanctions risk**

We may be subject to various economic sanctions requirements in the jurisdictions where we operate or have business. In particular, we are subject to sanctions requirements administered by (among others) the United States, the European Union, and Switzerland, in each case to the extent applicable. Although we have instituted policies and procedures for compliance with applicable sanctions laws, we cannot guarantee that these policies and procedures will prevent all violations from occurring. Sanctions regimes are continually evolving and subject to change, and may impose new prohibitions or restrictions with immediate effect, with little or no advance notice. Our clients, or their beneficial owners, representatives or other agents, are dispersed throughout the globe. In addition, we invest in a broad range of securities and other asset classes globally. Violation of any sanctions laws or regulations can result in fines and/or administrative, civil, or criminal penalties, or other measures. Government sanctions investigations could adversely affect our reputation, our business, our financial condition and prospects.

#### **5.4.2 General portfolio risks**

##### **General market risk**

Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions. Securities in any one strategy can under perform in comparison to general financial markets, a particular financial market or other asset classes, due to a number of factors, including inflation, interest rates, global demand for particular products or resources, natural disasters or events, terrorism, regulatory events and government controls.

##### **Currency risk**

Currency exchange rates can be extremely volatile, particularly during times of political or economic unrest or as a result of actions taken by central banks, which are intended to directly affect prevailing exchange rates. A variance in the degree of volatility of the market or in the direction of the market from Vontobel SFA's expectations can produce significant losses to a Program account.

##### **Concentration and geographic risk**

Concentration of a Program account's investments in securities of issuers located in a particular country or geographic region will subject the Program account, to a greater extent than if investments were less concentrated, to the risks of volatile economic cycles and/or conditions and developments that can be particular to that country or region, such as: adverse securities markets; adverse exchange rates; adverse social, political, regulatory, economic, business, environmental or other developments; or natural disasters. Finally, to the extent a Program account invests all or a large percentage of its assets in a single issuer or a relatively small number of issuers, or concentrates its assets directly or indirectly in investments in the same economic sector, asset class, or in one particular asset or security, it is subject to greater risks than a more diversified account. That is, a change in the value of any single investment held by the Program account will affect the overall value of the account more than it would affect an account that holds more investments. In particular, the Program account is more susceptible to adverse developments affecting any single issuer in the Program and is susceptible to greater losses because of these developments.

##### **Non-US securities risks**

Some non-US securities (including those of government issuers) are subject to heightened risk of loss because of more or less non-US government regulation (including with respect to settlement or custody), less public information, less liquidity and greater volatility (potentially as a result of the small size of the relevant securities market), and less economic, political and social stability in the countries of domicile of the issuers of the securities and/or the jurisdictions in which these securities are traded. Loss also results from, among other things, deteriorating economic and business conditions in other countries, including the United States, regional and global conflicts, adverse diplomatic developments, regime changes, the imposition of exchange controls (including repatriation restrictions), trading controls, import duties or other protectionist measures, non-US taxes (including confiscatory taxes), sanctions, confiscations, trade restrictions (including tariffs), expropriations, nationalizations and other government restrictions by the United States or other governments, higher transaction costs, difficulty in repatriating funds or enforcing contractual obligations, or from problems in share registration, settlement or custody. A Program account is also subject to risks involving fluctuations in the rate of exchange between currencies, including the risk of negative non-US currency fluctuations which can cause the value of securities denominated in non-US currency (or other instruments through which the Advisory Account has exposure to foreign currencies) to decline in value, and costs associated with currency conversion. These risks and costs are generally greater in connection with a

Program account's investment in securities of issuers located in emerging countries. In addition, a Program account will be subject to the risk that an issuer of non-US sovereign debt held by a Program account or the governmental authorities that control the repayment of such debt are unable or unwilling to repay the principal or interest when due, including as a result of levels of non-US debt or currency exchange rates. Furthermore, a Program account's purchase and sale of certain non-US securities will be subject to limitations or compliance with procedures imposed by non-US governments that restrict investment opportunities. For example, a Program account will be subject to limitations on aggregate holdings by non-US investors. Moreover, as a result of having to comply with such procedures, a Program account's ability to effect trades will be delayed, and a Program account's failure to comply with such procedures can result in failed trades, loss of voting or transfer rights or the forced sale of settled positions. These risks might be heightened if the Program account invests in emerging markets or growth markets.

#### **Trading on non-US exchanges**

Some securities in your account are traded on exchanges located outside the United States. Some non-US exchanges, in contrast to US exchanges, are "principals' markets" in which performance is the sole responsibility of the executing broker and not that of an exchange or its clearinghouse, if any. In the case of trading on non-US exchanges, your account will be subject to the risk of the inability of, or refusal by, the counterparty to perform with respect to contracts. Moreover, since there is generally less government supervision and regulation of non-US exchanges, clearinghouses and clearing firms than in the United States, your account is also subject to the risk of the failure of the exchanges on which their positions trade or of their clearinghouses or clearing firms, and there is a higher risk of financial irregularities and/or lack of appropriate risk monitoring and controls. Your account will not be afforded certain of the protections that apply to US transactions, including with respect to margin. In addition, such trades will be affected by any fluctuation in the foreign exchange rate.

#### **Emerging markets risk**

Investments in securities of issuers outside of the US: denominated in foreign currencies are subject to risks in addition to the risks of securities of US issuers. These risks include political and economic risks, civil conflicts and war, greater volatility, currency fluctuations, higher transactions costs, delayed settlement, possible foreign controls on investment, expropriation and nationalization risks, liquidity risks, and less stringent investor protection and disclosure standards of some foreign markets. Events and evolving conditions in certain economies or markets alter the risks associated with investments tied to countries or regions that historically were perceived as comparatively stable becoming riskier and more volatile. These risks are magnified in countries in "emerging markets." These countries have relatively unstable governments and less-established market economies than developed countries. Emerging markets face greater social, economic, regulatory and political uncertainties. These risks make emerging market securities more volatile and less liquid than securities issued in more developed countries.

#### **High portfolio turnover risk**

Certain strategies within the Managed Solution Mandates engage in active and frequent trading. Additionally, active and frequent trading in your non- Managed Solution Mandates will lead to increased portfolio turnover, higher transaction costs, and the possibility of increased capital gains, including short-term capital gains that are generally taxable as ordinary income.

#### **Regulatory risk**

There have been legislative, tax and regulatory changes and proposed changes that apply to our activities that require us to adapt and update our approach from a legal, tax and regulatory perspective, including requirements to provide additional information pertaining to a client account to the Internal Revenue Service or other taxing authorities. Regulatory changes and restrictions imposed by regulators, self-regulatory organizations, and exchanges vary from country to country and affect the value of your investments and your ability to pursue their investment strategies. Any such rules, regulations and other changes, and any uncertainty in respect of their implementation, result in increased costs, reduced profit margins and reduced investment and trading opportunities, all of which negatively impact performance.

#### **Cyber security risk**

Our operations rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. As the use of technology has become more prevalent in the course of business, we have become more susceptible to operational and financial risks associated with cyber security, including: theft, loss, misuse, improper release, corruption and destruction of, or unauthorized access to, confidential or highly restricted data relating to us and our clients, and compromises or failures to systems, networks, devices and applications relating to our operations and our service providers. Cyber security risks result in financial losses to us and our clients; our inability to transact business with our clients; delays or mistakes in materials provided to clients; the inability to process transactions with clients or other parties; violations of privacy and other laws; regulatory fines, penalties and reputational damage; and compliance and remediation costs, legal fees and other expenses. Our service providers (including any transfer agent, and custodian or their agents), financial intermediaries, companies in which client accounts and funds invest and parties with which we engage in portfolio or other transactions are also adversely impacted by cyber security risks in their own businesses, which could result in losses to Vontobel SFA or our clients. While measures have been developed which are designed to reduce the risks associated with cyber security, there is no guarantee that those measures will be effective, particularly since we do not directly control the cyber security defences or plans of our service providers, financial intermediaries and companies in which they invest or with which they do business.

#### **Data sources risk**

We subscribe to external data sources used to enforce investment restrictions, to assist in making investment decisions, for investment research, or for pricing information. If information



that we receive from a third-party data source is incorrect, and your account is negatively impacted, it will not achieve its desired results. Although we believe these third-party data sources to be generally reliable, we typically receive these services on an “as is” basis and cannot guarantee that the data received from these sources will be accurate. We are not responsible for errors by these sources.

#### **Dependence on key personnel**

Program accounts rely on certain key personnel of Vontobel SFA. Accordingly, the success and failure of Program accounts will depend to a significant extent on the viability and performance of such key personnel. Certain key personnel, including members of Investment Management, may leave Vontobel SFA. The departure of any personnel for any reason, including relating to compensation or other factors, or the inability of such personnel to fulfil certain duties, will adversely affect the ability of Vontobel SFA to effectively manage the Program accounts.

#### **Corporate event risks**

Substantial transaction failure risks are involved in companies that are the subject of publicly disclosed mergers, takeover bids, exchange offers, tender offers, spin-offs, liquidations, corporate restructuring, and other similar transactions. Thus, there can be no assurance that any expected transaction will take place. Certain transactions are dependent on one or more factors to become effective, such as market conditions which lead to unexpected positive or negative changes in a company profile, shareholder disapproval, regulatory and various other third party constraints, changes in earnings or business lines or shareholder activism as well as many other factors. Certain investments need to be held for a considerable period of time before they will show any return. No assurance can be given that the transactions entered into will result in profitable investments for a Program account or that a Program account will not incur substantial losses.

#### **Bankruptcy**

You may lose your entire investment or may be required to accept cash or other assets with a value less than its original investment if a company that is expected to be stable deteriorates and becomes involved in a bankruptcy or other reorganization or liquidation proceeding. Such proceedings are often lengthy and difficult to predict and could result in the loss of a company's market position and key personnel. The bankruptcy courts have extensive power and, under some circumstances, can alter contractual obligations of a bankrupt company. Stockholders, creditors and other interested parties are all entitled to participate in bankruptcy proceedings and will attempt to influence the outcome for their own benefit. In addition, certain claims, such as for taxes, will have priority by law over the claims of other interested parties, including the Program accounts. See section 5.4 (“Voting client securities (proxy voting)”) for more information regarding handling of bankruptcy proceedings.

#### **Interest rate risks**

Interest rates can fluctuate significantly at any time and from time-to-time. As a result of such fluctuations, the value of securities or instruments held in your account will increase or

decrease in value. For example, when interest rates increase, fixed-income securities or instruments held in a Program account will generally decline in value. Long-term fixed-income securities or instruments will normally have more price volatility because of this risk than short-term fixed-income securities or instruments. A wide variety of market factors can cause interest rates to rise, including central bank monetary policy, rising inflation and changes in general economic conditions. The risks associated with increasing interest rates are heightened given that interest rates are near historic lows (and in certain cases, negative), but are expected to increase in the future with unpredictable effects on the markets and your Program account investments. Fluctuations in interest rates also affect the liquidity of any fixed-income securities and other instruments held in your Program account such as equities and FX.

#### **Investment style risks**

Different investment styles (e.g., “growth,” “value” or “quantitative”) tend to shift in and out of favor depending upon market and economic conditions as well as investor sentiment. Your Program accounts outperform or underperform other accounts that invest in similar asset classes but employ different investment styles.

#### **Restricted investments risks**

Restricted securities are securities that cannot be sold to the public in the US without an effective registration statement under the 1933 Act, or, if they are unregistered, can be sold only in a privately negotiated transaction or pursuant to an exemption from registration, and will not be available to you if you are located in the US. These restrictions often apply to non-US securities. These restrictions could prevent you from promptly liquidating unfavorable positions and/or participate in a corporate action, and can subject such you to substantial losses. Further, when registration is required to sell a security, you will be obligated to pay all or part of the registration expenses, and a considerable period will elapse between the decision to sell and the time you are permitted to sell the security under an effective registration statement. If adverse market conditions developed during this period, you will likely obtain a less favorable price than the prevailing price when it decided to sell.

#### **Reliance on technology**

We employ investment strategies that are dependent upon various computer and telecommunications technologies. The successful implementation and operation of such strategies could be severely compromised by telecommunications failures, power loss, software-related “system crashes,” fire or water damage, or various other events or circumstances. Any such event could result in, among other things, our inability to establish, maintain, modify, liquidate, or monitor your investments, which could have an adverse effect on your account.

#### **5.4.3 Information and risks associated with sustainable investing strategies**

Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into the investment and portfolio construction process. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways.

Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may also differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance. There are risks that companies intentionally or unintentionally fail to implement or achieve their stated ESG goals or do not achieve expectations regarding all ESG factors.

#### **5.4.4 Risks that apply primarily to equity investments** **Equity securities risk**

Investments in equity securities (such as stocks) are generally more volatile and carry more risks than some other forms of investment. The price of equity securities will generally rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements generally result from factors affecting individual companies, sectors or industries selected for a portfolio or the securities market as a whole, such as changes in economic or political conditions. US and non-US stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies are generally subject to more abrupt or erratic price movements and lack sufficient market liquidity, and these companies often face greater business risks.

#### **ETF risks**

Program accounts invest in ETFs. Most ETFs are passively managed investment companies whose shares are purchased and sold on a securities exchange. An ETF represents a portfolio of securities designed to track a particular market segment or index. In addition to presenting the same primary risks as an investment in a conventional fund, an ETF can fail to accurately track the market segment or index that underlies its investment objective. Moreover, ETFs are subject to the following risks that do not apply to conventional funds: (i) the market price of the ETF's shares can trade at a premium or a discount to their net asset value; (ii) an active trading market for an ETF's shares may not develop or be maintained; and (iii) there is no assurance that the requirements of the exchange necessary to maintain the listing of an ETF will continue to be met or remain unchanged.

#### **Index related risk**

To the extent it is intended that your account track an index, your account may not match, and may vary substantially from, the index for a period of time, including as a result of your inability to invest in certain securities as a result of legal and compliance restrictions, regulatory limits or other restrictions applicable to your account and/or Vontobel SFA, reputational considerations or other reasons.

The risk that a Program account or fund does not track the performance of its underlying index is generally heightened during times of increased market volatility or other unusual market conditions. Additionally, the index provider does not control or own index tracking accounts.

#### **Growth investing risk**

Growth investing attempts to identify companies that we believe will experience rapid earnings growth relative to value or other types of stocks. The value of these stocks generally is much more sensitive to current or expected earnings than stocks of other types of companies. Short-term events, such as a failure to meet industry earnings expectations, can cause dramatic decreases in the growth stock price compared to other types of stock. Growth stocks generally trade at higher multiples of current earnings compared to value or other stocks, leading to inflated prices and thus potentially greater declines in value.

#### **Value investing risk**

Value investing attempts to identify companies that are undervalued according to our estimate of their true worth. We select stocks at prices that we believe are temporarily low relative to factors such as the company's earnings, cash flow or dividends. A value stock decrease in price or do not increase in price as anticipated by us if other investors fail to recognize the company's value or the factors that we believe will cause the stock price to increase do not occur.

#### **Smaller company risk**

Certain strategies invest in securities of smaller companies. Investments in smaller companies can be riskier than investments in larger companies. Securities of smaller companies tend to be less liquid than securities of larger companies. In addition, small companies are generally more vulnerable to economic, market and industry changes. As a result, the changes in value of their securities can be more sudden or erratic than in large capitalization companies, especially over the short term. Because smaller companies generally have limited product lines, markets or financial resources or depend on a few key employees, they can be more susceptible to particular economic events or competitive factors than large capitalization companies. This can cause unexpected and frequent decreases in the value of an account's investments. Finally, emerging companies in certain sectors may not be profitable and may not realize earning profits in the foreseeable future.

#### **5.4.5 Risks related to fixed-income investments** **Fixed-income securities risks**

Investment in fixed-income securities offers opportunities for income and capital appreciation, and can also be used for temporary defensive purposes and to maintain liquidity. Fixed-income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes, and debentures issued by corporations; debt securities issued or guaranteed by the US government or one of its agencies or instrumentalities or by a non-US government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset-backed securities. These securities typically pay fixed, variable, or floating rates of interest, and can include zero coupon

obligations. Fixed-income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer, and general market liquidity (i.e., market risk). The credit quality of securities can deteriorate rapidly, which will impair liquidity in your account and cause significant value deterioration.

#### **Floating and variable rate obligations risks**

You may invest in instruments that have floating and/or variable rate obligations. For floating and variable rate obligations, there can be a lag between an actual change in the underlying interest rate benchmark and the reset time for an interest payment of such an obligation, which could harm or benefit your account, depending on the interest rate environment or other circumstances. In a rising interest rate environment, for example, a floating or variable rate obligation that does not reset immediately would prevent you from taking full advantage of rising interest rates in a timely manner. However, in a declining interest rate environment, you can benefit from a lag due to an obligation's interest rate payment not being immediately impacted by a decline in interest rates. Certain floating and variable rate obligations have an interest rate floor feature, which prevents the interest rate payable by the security from dropping below a specified level as compared to a reference interest rate. Such a floor protects your account from losses resulting from a decrease in the reference rate below the specified level. However, if the reference rate is below the floor, there will be a lag between a rise in the reference rate and a rise in the interest rate payable by the obligation, and you cannot benefit from increasing interest rates for a significant amount of time.

#### **Short duration fixed-income strategies**

To the extent that your Program account employs a strategy focused on maintaining fixed-income securities of short duration, such a strategy generally will earn less income and, during periods of declining interest rates will provide lower total returns, than would have been the case had longer duration strategies been employed. Although any rise in interest rates is likely to cause the prices of debt obligations to fall, the comparatively short duration of your portfolio holdings utilized in connection with such a strategy is generally intended to keep the value of such securities within a relatively narrow range.

#### **Sovereign debt risks**

Investment in sovereign debt obligations involves risks not present in debt obligations of corporate issuers. If an issuer of the debt or the governmental authorities that control the repayment of the debt is unable or unwilling to repay principal or interest when due in accordance with the terms of such debt, you will generally have limited recourse to compel payment in the event of a default. Any failure to make payments in accordance with the terms of the debt could result in losses to in your Program account. A sovereign debtor's willingness or ability to repay principal and pay interest in a timely manner can be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due,

the relative size of the debt service burden to the economy as a whole, the sovereign debtor's policy toward international lenders and the political constraints to which a sovereign debtor is subject.

As with all fixed-income securities, investing in sovereign debt involves the risks of changes in the value of the instruments resulting from fluctuating interest rates. When interest rates decline, the market value of fixed-income securities tends to increase. Conversely, when interest rates increase, the market value of fixed-income securities tends to decline. In addition, short-term cash equivalent investments, such as commercial paper, bankers' acceptances, certificates of deposit, and repurchase agreements, are not guaranteed by any government and are subject to some risk of default.

#### **US government securities risks**

The US government does not always provide financial support to US government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. US government securities, including those issued by the Federal National Mortgage Association (**Fannie Mae**), the Federal Home Loan Mortgage Corporation (**Freddie Mac**), and the Federal Home Loan Banks are neither issued by nor guaranteed by the US Treasury and therefore are not backed by the full faith and credit of the United States. The maximum potential liability of the issuers of some US government securities held in your Program account can greatly exceed their current resources, including any legal right to support from the US Treasury. It is possible that issuers of US government securities will not have the funds to meet their payment obligations in the future. Fannie Mae and Freddie Mac have been operating under conservatorship, with the Federal Housing Finance Administration (FHFA) acting as their conservator, since September 2008. The entities are dependent upon the continued support of the US Department of the Treasury and FHFA in order to continue their business operations. These factors, among others, could affect the future status and role of Fannie Mae and Freddie Mac and the value of their debt and equity securities and the securities which they guarantee. Additionally, the US government and its agencies and instrumentalities do not guarantee the market values of their securities, which fluctuate.

#### **Corporate debt securities risks**

Corporate debt securities are subject to, among other risks, the risk of the issuer's inability to meet principal and interest payments on the obligation and are also subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. When interest rates decline, the value of debt securities can be expected to rise, and when interest rates rise, the value of those securities can be expected to decline. Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. In addition, an investment in debt securities are typically subject to early redemption features, refinancing options, prepayment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by a Program account earlier than expected. This will happen when there is a decline in interest rates, or when

the issuer's performance allows the refinancing of debt with lower cost debt. Early repayments of your investments can have an adverse effect on your account's investment objectives and the profits on invested capital.

### **Bank obligations**

You may invest in obligations issued or guaranteed by US or foreign banks. Bank obligations, including without limitation, time deposits, bankers' acceptances and certificates of deposit, can be general obligations of the parent bank or can be limited to the issuing branch by the terms of the specific obligations or by government regulations. Banks are subject to extensive but different governmental regulations which limit both the amount and types of loans which can be made and interest rates which are charged. In addition, the profitability of the banking industry is largely dependent upon the availability and cost of funds for the purpose of financing lending operations under prevailing money market conditions. Among the significant risks relating to bank obligations are adverse changes in general economic conditions as well as exposure to credit losses arising from possible financial difficulties of borrowers.

### **Credit / default risk**

An issuer or guarantor of fixed-income securities or instruments can default on its obligation to pay interest and repay principal or default on any other obligation. Additionally, if the credit quality of securities or instruments deteriorates rapidly, impairing liquidity and causing significant value deterioration.

You may invest in non-investment grade fixed-income securities (commonly known as "junk bonds") and leveraged loans that are considered speculative. Non-investment grade investments, leveraged loans and unrated securities of comparable credit quality are subject to the increased risk of an issuer's inability to meet principal and interest payment obligations. These securities and loans will generally be subject to greater price volatility due to such factors as specific issuer developments, interest rate sensitivity, negative perceptions of the junk bond and leverage loan markets generally and less secondary market liquidity. It is likely that a major economic recession could have a materially adverse impact on the value of such securities. Lower rated debt securities are typically junior to the obligations of companies to senior creditors, trade creditors and employees and therefore, the ability of holders of such lower rated debt securities to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors.

### **High yield debt securities risks**

You may also invest in high yield debt securities, which have historically experienced greater default rates than investment grade securities. The ability of holders of high yield debt to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors. In addition, high yield debt can also be subject to additional liquidity and volatility risk. In addition, certain types of fixed-income securities can be subject to additional risks. For example, mortgage-backed securities and asset-backed securities are also subject to call

risk, extension risk and prepayment risk, as well as substantial structural, legal, operational and liquidity risks.

### **Municipal obligations risk**

The risk of direct or indirect (i.e., fund) investment in a municipal obligation generally depends on the financial and credit status of the issuer. Changes in a municipality's financial health can make it difficult for the municipality to make interest and principal payments when due. A number of municipalities have had significant financial problems recently, and these and other municipalities could, potentially, continue to experience significant financial problems resulting from lower tax revenues and/or decreased aid from state and local governments in the event of an economic downturn. Under some circumstances, municipal obligations might not pay interest unless the state legislature or municipality authorizes money for that purpose. Some securities, including municipal lease obligations, carry additional risks. For example, they can be difficult to trade or interest payments can be tied only to a specific stream of revenue.

Municipal bonds can be more susceptible to downgrades or defaults during recessions or similar periods of economic stress. Factors contributing to the economic stress on municipalities include lower property tax collections as a result of lower home values, lower sales tax revenue as a result of consumers cutting back spending, and lower income tax revenue as a result of a higher unemployment rate. In addition, since some municipal obligations are secured or guaranteed by banks and other institutions, the risk to an investor could increase if the banking or financial sector suffers an economic downturn and/or if the credit ratings of the institutions issuing the guarantee are downgraded or at risk of being downgraded by a national rating organization. If such events were to occur, the value of the security could decrease or the value could be lost entirely, and it can be difficult or impossible for an investor to sell the security at the time and the price that normally prevails in the market. Interest on municipal obligations, while generally exempt from federal income tax, is not also automatically exempt from federal alternative minimum tax.

### **Asset-backed, mortgage-related and mortgage-backed securities risk**

The value of mortgage related and asset-backed securities held directly or indirectly (i.e., fund) will be influenced by the factors affecting the property market and the assets underlying such securities. As a result, during periods of difficult or frozen credit markets, significant changes in interest rates, or deteriorating economic conditions, mortgage-related and asset-backed securities will decline in value, face valuation difficulties, be more volatile and/or be illiquid. Since mortgage borrowers have the right to prepay principal in excess of scheduled payments, there is a risk that borrowers will exercise this option when interest rates are low to take advantage of lower refinancing rates. When that happens, the mortgage holder will need to reinvest the returned capital at the lower prevailing yields. This prepayment risk, as well as the risk of a bond being called, can cause capital losses. Conversely, when rates rise significantly, there is a risk that prepayments will slow to levels much lower than anticipated when the mortgage was originally purchased. In this instance, the risk that

the life of the mortgage security is extended can also cause capital losses, as the mortgage holder needs to wait longer for capital to be returned and reinvested at higher prevailing yields. Mortgage-related and asset-backed securities decline in value, face valuation difficulties, be more volatile and/or be illiquid. The risk of default for “sub-prime” mortgages is generally higher than other types of mortgage-back securities. The structure of some of these securities is typically complex and there is generally less available information than other types of debt securities.

#### **Exchange-traded notes**

You may invest in exchange-traded notes (ETNs), which are senior, unsecured, unsubordinated debt securities issued by a sponsoring financial institution. The returns on an ETN are linked to the performance of particular securities, market indices, or strategies, minus applicable fees. ETNs are traded on an exchange (e.g., the New York Stock Exchange) during normal trading hours; however, investors may also hold an ETN until maturity. At maturity, the issuer of an ETN pays to the investor a cash amount equal to the principal amount, subject to application of the relevant securities, index or strategy factor. Similar to other debt securities, ETNs have a maturity date and are backed only by the credit of the sponsoring institution. ETNs are subject to credit risk. The value of an ETN is generally influenced by, among other things, time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying assets, changes in the applicable interest rates, changes in the issuer's credit rating, and economic, legal, political or geographic events that affect the underlying assets. When you invest in ETNs, you will bear your proportionate share of any fees and expenses borne by the ETN. Although an ETN is a debt security, it is unlike a typical bond, in that there are no periodic interest payments and principal is not protected.

#### **Fixed term and time deposit fiduciary deposits**

When you instruct us to place a deposit with a particular counterparty bank, we will do so by paying the amount into a pooled client account held in the name of UBS Switzerland AG with the counterparty bank. The treatment of client monies will depend on the laws and regulations of the jurisdiction in which the deposit is placed. You should take your own legal advice in this regard. There is a risk that the counterparty bank will default or enter into arrangements with its creditors and in this event some or all of your deposit monies are held by UBS Switzerland AG (a) before placement with the counterparty bank; (b) when returned to UBS Switzerland AG upon maturity; and (c) in the event of a delay or a default at settlement; that same risk of default shall apply in respect of UBS Switzerland AG.

In the event of UBS Switzerland AG defaulting or entering into an arrangement with its creditors while your deposit was held by a counterparty or during the period when your deposit is returned to UBS Switzerland AG upon maturity, your deposit would continue to be held separately from UBS Switzerland AG assets although there will be a delay in you receiving your deposit at maturity.

#### **5.4.6 Physical precious metal risk**

The value of precious metals is generally affected by various and often unpredictable factors, including, but not limited to, the economic, financial, social and political conditions globally and in particular countries. A precious metal's market price and the liquidity and trading values of precious metals will be affected by, retail markups, safekeeping charges, shipping costs, the actions of sovereign governments that directly or indirectly impact the price of a precious metal. Precious metals markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators and government regulations and intervention.

#### **5.4.7 Risks that apply primarily to investments in funds**

##### **Multiple levels of fees and expenses**

Subject to applicable law, in circumstances in which you invest in funds, your account will bear any asset-based fees and performance-based fees or allocations and expenses at the Program account level, in addition to any asset-based fees and performance-based fees or allocations and expenses (including organizational and offering expenses, operating costs, sales charges, brokerage expenses and administrative fees) at the fund adviser level. Wrap Fees will be charged on all assets in your Program account, including cash or cash equivalents.

#### **5.5 Event of bankruptcy of Vontobel SFA as Custodian**

The information contained in this section is a highly technical summary of your rights and obligations in the event of the bankruptcy of Vontobel SFA. If you have any questions, or have difficulty understanding the language which follows, please get in touch with your RM.

In the event of bankruptcy of a Swiss based financial institution providing custody services like Vontobel SFA, generally all assets form part of the debtor's (the financial institution's) estate and are appropriated for the payment of its creditors (art. 197 para 1 of the Swiss Debt Enforcement and Bankruptcy Act (**Bankruptcy Act**)).

**Securities:** Securities belonging to customers do not form part of the debtor's estate and will not be used to satisfy the financial institution's creditors. Instead, the administrators of the debtor's estate will hand over such securities to the owner (art. 242 para 1 Bankruptcy Act).

Additionally, Art. 37d in connection with art. 16 of the Swiss Federal Banking Act (**Banking Act**) and Art. 17-19 of the Federal Intermediated Securities Act (**FISA**), further strengthen the position of customers demanding segregation of their assets from the debtor's estate. The privilege extends to customers' securities held at the bankrupt financial institution and those held by such financial institution with a third-party custodian. This means that the securities will be handed over to the customers provided that they have fulfilled all their obligations towards the bankrupt financial institution in connection with the assets in question. Further, securities held in the name of the bankrupt financial institution with a third-party custodian are by law deemed securities of the customers of the bankrupt financial institution.



### Cash

With respect to cash, the restitution is limited by the bankruptcy laws affecting the rights of creditors against the bank. In any event, clients of Swiss Securities Firms registered with FINMA, like Vontobel SFA, benefit of a **deposit insurance** that guarantees their cash holdings up to a maximum of CHF 100,000 per client and financial institution. Such deposit insurance scheme is called “esisuisse” and more information, including the list of the member institutions, can be found under [www.esisuisse.ch/en](http://www.esisuisse.ch/en). It is important to point out that any cash claims above this amount would have to be claimed within the regular claim process against the debtor’s estate as a so-called “3rd class claim” and pay-out would depend on the overall bankruptcy dividend. Vontobel SFA is not required to be, and is not, SIPC insured.

### Precious Metals

Metal held in physical form (e.g., gold bullions) are segregated and do not form part of the debtor’s estate and will not be used to satisfy the financial institution’s creditors (art. 37d in connection with art. 16 of the Banking Act).

### Fiduciary deposits

Any fiduciary deposits with third party borrowers would continue to be held separately and would not form part of the debtor’s estate. Therefore, fiduciary deposits with third-party borrowers will not be used to satisfy the financial institution’s creditors (art. 37d in connection with art. 16 of the Banking Act). It is however important to note that there can be a delay in you receiving your deposit at maturity.

### 6 Client information provided to managers

Because there are no external investment advisers or portfolio managers and no affiliates that act as investment adviser or portfolio manager for Programs clients, we are already in possession of all client information. All of our employees have at least limited access to client information.

#### 6.1 Client contact with portfolio managers

There are no restrictions on you contacting your RM. For information about investments in your Program, you can also contact a member of the Investment Advisory Team or the Managed Solutions Team through your RM.

### 7 Additional information

#### 7.1 Disciplinary information

There is no disciplinary information regarding Vontobel SFA to report.

##### 7.1.1 The Merger; performance data

As explained in section 2.1 (“About Us”) above, Vontobel SFA is a wholly owned subsidiary of Vontobel Holding AG, a global investment firm. Bank Vontobel AG is a bank licensed and supervised in Switzerland by FINMA.

VSWA and Vontobel SFA have been combined through a “simple merger” under Swiss law, pursuant to which VSWA has been absorbed into Vontobel SFA—with Vontobel SFA being the surviving entity.

Significantly, there is no change in ownership of VSWA or Vontobel SFA as a result of the combination, in that both prior

to and immediately following the combination, Vontobel Holdings AG is the sole shareholder.

The merger does not affect an assignment of advisory contracts of VSWA within the meaning of Section 205(a)(2) of the Investment Advisers Act of 1940, as a result VSWA clients have not been asked to assign their investment advisory agreements to Vontobel SFA. The rationale for concluding that VSWA will not “assign” its investment advisory responsibilities to Vontobel SFA is that the transaction does not result in a change of actual control or management of VSWA.

Additionally, the transaction will not impact the manner in which investment advisory services will be provided. In particular, the CEO and CIO of VSWA will continue as the CEO and CIO of the combined entity, the Chairman of the Board will remain the same pre- and post-combination, and the investment processes will remain unchanged for current VSWA clients. As a result, the data from your Program account, including past performance, will continue to be provided, albeit under the name of Vontobel SFA, given that VSWA will continue its existence within, and under the name of, Vontobel SFA, the surviving entity.

#### 7.2 Relationships and arrangements with related persons and potential conflicts of interest arising therefrom

We are a wholly owned subsidiary of Vontobel Holding AG, a Swiss holding company in Zurich, Switzerland, which also owns Bank Vontobel AG, a bank licensed and supervised in Switzerland by FINMA as well as various other subsidiaries active in the financial services industry. Vontobel SFA is a part of the Vontobel Wealth Management division.

There are various forms of relationships and cooperation between us and our affiliate Bank Vontobel AG as well as certain other affiliated companies. These arrangements as well as the potential conflicts of interest arising therefrom are described below.

##### 7.2.1 Potential conflicts with affiliates in general

Except as prohibited by law or written client instruction, we, our personnel, and our affiliates will purchase, sell or recommend for purchase or sale to and for our clients, securities issued by companies:

- for which our respective affiliates act as a financial adviser
- with which our respective affiliates have business or other relationships
- in which our respective affiliates have a financial interest or other interest, through ownership of securities, loan arrangements, or otherwise
- for which our respective affiliates act as a market maker or maintain a position; or in which our respective officers, directors, or employees, or those of our respective affiliates own securities or otherwise have an interest.

We may give investment advice and take action in the performance of our duties for you that differ from the advice given, or the timing and nature of actions taken, for other client accounts which invest in some of the same securities recommended to you. In addition, investment advice provided by us can differ from investment advice given by our affiliates.



### 7.2.2 Potential conflicts with certain members of the Vontobel SFA Board of Directors

**Georg Schubiger**, the Chairman of the Board of Vontobel SFA is also the Head of the Wealth Management client unit of Bank Vontobel AG. Mr. Schubiger is engaged in the wealth management business of Bank Vontobel AG. Mr. Schubiger is not an access person of Vontobel SFA and is therefore, not subject to the Vontobel SFA Code of Ethics. The CEO of Vontobel SFA has a direct reporting line into Mr. Schubiger.

**André Bantli**, a member of the Board of Directors of Vontobel SFA is the Head of the Investment Distribution & Client Management unit of Bank Vontobel AG. Mr. Bantli is engaged in the investment advisory business of Bank Vontobel AG. Mr. Bantli is not an access person of Vontobel SFA and is therefore, not subject to the Vontobel SFA Code of Ethics.

The roles performed by the above referenced directors create a potential conflict of interest, in that there is a risk that the director will act in the best interest of his employer, Bank Vontobel AG. We will mitigate this risk by through training and education.

### 7.2.3 Bank Vontobel AG

Although Vontobel SFA does not have any revenue sharing arrangements with Bank Vontobel AG, there are certain other arrangements, as described in this Brochure, that provide us with an incentive to engage Bank Vontobel AG to provide certain services to, or enter into certain transactions with, our clients. Bank Vontobel AG serves as a Custodian for certain Programs we offer. The custody services that Bank Vontobel AG provides to Vontobel and its clients include but are not limited to: (i) trade reconciliation (including matching of orders, electronic delivery of trades, settlement of trades); (ii) valuation of portfolio holdings; (iii) pursuant to client authorization, the debiting from the client account fees owed to Vontobel SFA; (iv) maintenance of certain books and records; and (v) client reports reflecting trading activity, account valuation information, and tax reporting information and tax reclaim services.

When our clients obtain certain services from Bank Vontobel AG, the fees and margins for such products and services create an additional revenue for our affiliate Bank Vontobel AG. Additionally, these fees and margin can be more or less favorable to clients than those that you can obtain from unaffiliated third parties. While Bank Vontobel AG does not pass on to Vontobel AG any of the margins and fees that it applies to Vontobel SFA clients and Vontobel SFA clients who use such products and services from Bank Vontobel AG are not granted preferential treatment by Vontobel SFA vis-à-vis other clients, Vontobel SFA nonetheless has a general indirect incentive, being part of the Vontobel Group, to encourage clients to seek such services from Bank Vontobel AG. Further, Vontobel SFA RMs have a direct incentive to do so due to the fact that the overall revenues generated by their clients not only for Vontobel SFA, but also for Bank Vontobel AG, are taken into partial consideration by Vontobel SFA senior management when it determines the amount of the annual discretionary bonus, if any, to be awarded to a Wealth Management Advisor.

Apart from the custody and other services that it provides to Vontobel SFA clients, Bank Vontobel AG provides to Vontobel SFA itself various mid and back-office services such as in the area of operation and maintenance of IT infrastructure, including telephony, and application services, compliance, human resources, operation and maintenance of financial information platforms. In addition, Vontobel SFA receives research from Bank Vontobel AG and has been granted access to the platforms of the Bank's external research providers. Further, Vontobel SFA receives information from Bank Vontobel AG which is used by Vontobel SFA to assist in the construction of model portfolios for certain of its discretionary mandate strategies. Vontobel SFA is charged for these.

While the additional revenue received by Bank Vontobel AG creates a conflict of interest in that Vontobel SFA is incentivized to recommend such transaction be affected through Bank Vontobel AG, we believe that this conflict of interest is mitigated in part because Bank Vontobel AG does not directly or indirectly pass on any of this revenue to Vontobel SFA. Further, since the non-US fund shares in question were purchased by the client before the client established the advisory relationship with Vontobel SFA, Vontobel SFA did not exert any influence over the client's investment decision. The trailer fee potentially generated for Bank Vontobel AG by the holding will not be applied to reduce or offset the investment wrap fee paid by the Vontobel SFA client.

Vontobel SFA and Bank Vontobel AG share premises but do not share any staff, with the exception of legal and compliance personnel, and certain tax personnel, who also work for Bank Vontobel AG. In addition, five (5) members of Vontobel SFA's eight (8) members of the Board of Directors (including the Chairman) have executive functions at Bank Vontobel AG.

**Cash:** Except for such amounts which are held with SIX-SIS and the Swiss National Bank, a Swiss-based bank, your cash positions held with us are deposited by us in our name for your benefit, in an omnibus cash account with either Bank Vontobel AG or UBS Switzerland AG. We and ultimately you are exposed to Bank Vontobel AG's credit risk.

### 7.2.4 Vontobel Securities Ltd.

Vontobel Securities Ltd., a Swiss broker-dealer that is also registered as a broker-dealer under US securities law, is a sister company of Vontobel SFA. Vontobel SFA's New York office personnel currently share space on the 40<sup>th</sup> floor of 1540 Broadway, New York, NY, with Vontobel Securities Ltd.'s New York branch office staff. However, we have no reason to believe the sharing of such space creates a conflict of interest with our clients because Vontobel SFA does not use Vontobel Securities Ltd. as introducing, executing or clearing broker or otherwise, and neither Vontobel SFA nor any Vontobel SFA employee receives any compensation from Vontobel Securities Ltd. from the purchase or sale of securities or investments.

### 7.2.5 Vontobel Asset Management, Inc.

Vontobel Asset Management Inc. is a SEC-registered investor adviser based in New York and a wholly owned subsidiary of Vontobel Holding AG. Vontobel Asset Management, Inc. provides VSWA services in the area of human resource and payroll administration with respect to Vontobel SFA's US-based staff. Vontobel SFA is charged for these services. Additionally, Vontobel SFA's Miami office personnel currently shares an office space on the 23<sup>rd</sup> floor of 1001 Brickell Bay Drive, Miami (FL). We do not believe that this poses any material conflict of interest with our clients, however, because we do not have any business dealings with Vontobel Asset Management Inc. in connection with advisory services we provide to clients, do not conduct shared investment operations with Vontobel Asset Management, Inc., do not refer prospective clients or business to Vontobel Asset Management, Inc. (or vice-versa) and do not share any supervised persons with Vontobel Asset Management, Inc.

### 7.2.6 Potential conflicts with employees of Vontobel SFA

From time to time, our officers and employees have acquired or sold, or subsequently acquire or sell, for their personal accounts, securities that are also held or have been purchased or sold for the accounts of clients. Section 9.4 below explains the precautions taken in an effort to prevent conflicts of interest in this area.

### 7.3 Other financial industry activities and affiliations

There are various forms of relationships and cooperation between us and UBS AG and affiliated or third-party companies. While section 8.2.2 lists services which have been outsourced to UBS AG and its divisions or affiliates in connection with the acquisition of Vontobel SFA from UBS AG, section 8.3.2 describes various functions which have been outsourced to third parties. Section 8.3 explains potential conflicts of interest and issues which arise out of additional compensation

#### 7.3.1 Relationship with UBS entities

Prior to August 1, 2022, Vontobel SFA operated as part of the UBS Global Wealth Management division. In an effort to ensure a smooth transition for clients after the date of ownership transfer, Vontobel SFA has various arrangements with UBS affiliated entities.

**Fiduciary deposits:** For accounts where Vontobel SFA is Custodian, we place certain fiduciary deposits with subsidiaries of UBS AG. Such placement exposes the client to the credit risk of the UBS Entity holding the fiduciary deposit and therefore ultimately of UBS AG.

**Foreign exchange and precious metals services:** UBS AG provides us with foreign exchange and precious metals execution and sub-custodian services.

**Research and Consulting:** UBS Financial Services Inc. provides us with information regarding sample investment ideas which are available on the UBS Financial Services Inc. platform, and UBS Switzerland AG provides us with research material, which may include written materials, bulletins, newsletters, daily emails, as well as conference calls and personal visits with analysts. This information is provided free of charge.

Additionally, UBS Switzerland AG provides us with certain consultancy services of the UBS CIO for a fee.

**Referral arrangement between UBS Financial-Services Inc. and Vontobel SFA.** Vontobel SFA and UBS Financial Services Inc. will continue to have a referral arrangement pursuant to which UBS Financial Services Inc. Financial Advisors refer clients to Vontobel SFA. If your account was referred to Vontobel SFA by your UBS Financial Services Inc. Financial Advisor, your Financial Advisor will receive a percentage of the investment Wrap Fee you pay to Vontobel SFA as a result of the referral of your account(s). The compensation will be paid to UBS Financial Services Inc. and your Financial Advisor.

### 7.4 Potential conflicts of interest and additional compensation

#### 7.4.1 Potential conflicts with SIX-SIS

The vast majority of equity and bond trades for our clients are settled through SIX-SIS. SIX-SIS's core business, as a central securities depository, is the settlement and custody of Swiss securities, as well as securities from the rest of the world. To enable settlement against payment, we are required to hold cash accounts in different currencies with SIX-SIS. Furthermore, we are required to maintain sufficient cash balances on these accounts.

The cash in these accounts belongs to our clients and not to us. However, interest paid or charged on the cash balance SIX-SIS inure to the benefit or detriment of Vontobel SFA. We will not pass on to you any income derived from positive interest rates. Conversely, your account will not be debited for the amount which is deducted by SIX-SIS in the form of a negative interest charge.

This results in a conflict of interest in that we have incentive, depending on market conditions, to advise you to hold greater or lesser amounts of cash in your portfolio. We have mitigated these conflicts by adopting a code of ethics that requires each financial professional to act in your best interest at all times in his or her professional interactions with you, by instituting training programs on our code of ethics that are mandatory for all employees and by disclosing these conflicts to you.

### 7.5 Code of ethics, participation or interest in client transactions, and personal trading

We have adopted a Code of Ethics which (1) sets forth standards of conduct that apply to all of our employees and reflect our fiduciary obligations towards our clients, and (2) addresses prevention of conflicts of interest associated with the personal trading activities of our employees and certain members of their families.

In an effort to prevent such conflicts, all employees and certain family members (referred to as access persons) are prohibited from conducting any transaction or issuing any recommendation, investment advice or instruction to any third-party (including but not limited to spouses, partners and children) with the aim to circumvent the personal account dealing rules. Specifically, access persons must:

- submit their securities holding reports

- avoid trading in securities that are on the “Restricted List” (a list of securities and issuers that are subject to restrictions in trading for employees)
- obtain pre-approvals before trading in certain securities; and
- observe stated holding periods.

We also have policies and procedures that are designed to prevent the misuse of material, non-public information which may become available to us through our client relationships or for any other reason and will not knowingly be passed on to our clients or used for their benefit, or for any other purpose. As a result, we will be prohibited from recommending that you purchase or sell such an effected instrument even when you might otherwise do so.

We can provide you with a copy of our current Code of Ethics upon request.

#### **7.6 Review of client relationships (client accounts)**

We have various policies and procedures applicable to the review and supervision of client accounts in our Programs. Those policies are designed to comply with the requirements of the Advisers Act of 1940, as well as other applicable rules and regulations.

There are general policies applicable to all Program accounts, as well as individually tailored guidelines for each of the Programs described in this Disclosure Brochure. Because the Programs offer different services and/or have different features, the guidelines for supervision vary by Program.

Accounts are reviewed periodically (at least annually), although certain guidelines for specific Programs are reviewed daily (for example, principal trades and trading errors). Items generally reviewed include, but are not limited to the following (as applicable given Program features and services):

- consistency of the client’s Investor Profile with their selection of an investment strategy (annually);
- risk situations (e.g., bulk positions, deviations between risk tolerance, asset allocation, and portfolio volatility) (semi-annually);
- compliance with best execution requirements (daily);
- compliance with principal trade restrictions where those trades are not permitted (daily); and
- levels of non-advised transactions in SFA-IA (semi-annually).

##### **7.6.1 Annual RM review**

RMs are required to conduct an internal annual review of all accounts enrolled in the Programs. All Programs will receive an annual review of their account for the purpose of ensuring all know your customer information remains accurate and up to date. The obligation to know your customer includes the requirement to update our records when your circumstances change and to exercise due diligence in determining whether any essential facts relating to you should be adjusted. Changes in your circumstances would include, but not be limited to, marriage, divorce, birth of a child, death of a family member, loss or change of employment, or receipt of an

inheritance or other income. These changes could impact your financial situation and risk tolerance. An RM would, as appropriate, re-evaluate your Investor Profile and any client-related risks (i.e., vulnerability) and your Program Specification to ensure recommendations remain suitable.

##### **7.6.2 Other reviews**

Selected client relationships are also periodically reviewed by RMs and their supervisors, as well as compliance officers and business risk, in connection with other risk- and policy-related controls of various aspects of the client relationship (e.g. unusual events in a client’s account, suitability, know your client information, etc.). On a regular basis, internal and external audit will also select client relationships for review in connection with topical audits.

#### **7.7 Client referrals and other compensation arrangements with affiliates**

We have referral agreements with our affiliates that outline:

- how we refer clients to them
- how they refer clients to us
- how we act as solicitor for their advisory services and/or Programs; and
- how we refer clients to them for services other than advisory services.

Under those agreements, we share fees with or receive fees from our affiliates for the referral or solicitation of clients or for services provided to the clients. These payments will vary, depending on the type of agreement, product or the nature and extent of the services provided, and can continue as long as the client account is maintained with us or our affiliate or for an agreed upon period. Arrangements will also be based on a percentage of revenue received.

#### **7.8 Financial information**

Vontobel SFA is a qualified custodian (as defined in SEC Rule 206(4)-2). As a result, we have not included our balance sheet. Further, as of this Disclosure Brochure’s date, there is no financial condition that is reasonably likely to impair our ability to meet our contractual commitment to our clients, nor have we been the subject of a bankruptcy petition at any time during the last ten years.